

**BOROUGH OF CLAYTON
SCHOOL DISTRICT
CLAYTON, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

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INTRODUCTORY SECTION

**CLAYTON PUBLIC SCHOOL DISTRICT
350 E. CLINTON STREET
CLAYTON, NEW JERSEY 08312
(856) 881-8701 FAX #: (856) 863-8196**

**CLEVE W. BRYAN
INTERIM SUPERINTENDENT OF SCHOOLS**

**FRANCES ADLER
BUSINESS ADMINISTRATOR**

November 29, 2016

Honorable President and
Members of the Board of Education
Clayton Public School District
350 East Clinton Street
Clayton NJ 08312

Dear Board Members:

We are submitting the Comprehensive Annual Financial Report of the Clayton Public School District for the fiscal year ended June 30, 2016. The management of the Board of Education is responsible for the accuracy of the data as well as the completeness and fairness of the presentation including all disclosures. To the best of our knowledge, the data presented in this report is accurate and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All necessary disclosures have been included to enable the reader to gain an understanding of the District's financial activities.

The annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officers. The financial section includes the general-purpose financial statements and schedules as well as the auditors' report. The statistical section includes selected financial and demographic information. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the United States Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the New Jersey OMB Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit including the auditors' report on internal controls and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES:

Clayton Public School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement Number 3. All account groups and funds of the Clayton Public School District are included in this report. The Clayton Board of Education and its two schools constitute the District's reporting entity.

The Clayton Public School District provides a full range of educational services appropriate to grade levels PreK-12. These include regular and vocational programs as well as special education for the special needs students. The 2015-2016 In-District Students Enrollment was 1,447 which is just under percent higher than the previous year.

STUDENT ENROLLMENT:

FISCAL YEAR	STUDENT ENROLLMENT	% CHANGE
2016	1448	+0.07%
2015	1447	+ 3.44%
2014	1399	+ 1.08%
2013	1384	+1.02%
2012	1370	-0.22%
2011	1373	-0.07%
2010	1374	+1.70%
2009	1351	+3.17%
2008	1309	+2.40%
2007	1277	+1.83%
2006	1254	-3.39%
2005	1298	-0.46%

ECONOMIC CONDITION AND OUTLOOK:

The District passed a bond referendum in December 2014. Voters approved lights at Haupt Field, a new gym floor at Herma S. Simmons Elementary School, district-wide technology upgrades, Middle School Reroofing Project, and a Performing Arts Center at the High School. The projects were started in March 2015 and should be completed during the 2016-2017 school year. The district's free and reduced lunch population is around 51%, and we continue to pursue federal, state, and other grant sources to enhance programs and provide resources.

MAJOR INITIATIVES:

- 1) Increase pride in the District
- 2) Increase community outreach and improve communication throughout the District to allow for a positive student-centered environment
- 3) Plan for facility and infrastructure needs of the future and improve the maintenance and appearance of the current facilities
- 4) Continue fiscal responsibility by examining efficiencies, internal controls, and structure

PROGRESS TOWARD GOALS AND OBJECTIVES:

DISTRICT GOAL 1: **Increase pride in the District and foster a positive climate for both staff and students to assist them in attaining success.**

- Increased staff pride and moral through "Staff Olympics" and school spirit days.
- "Clayton Pride Resides Here" signs.
- "Good News" Newsletter.

DISTRICT GOAL 2:

Increase community outreach and improve communication to allow for a successful student-centered environment.

- Increased community outreach – partnership with Education Foundation. “News on Deck” made available on Website; Cable Television Programming; NHS Senior Citizens Prom, NHS Senior Citizens Lunch/Musical, Grandparents Day; Parental Workshops.
- Public Relations/Media Outreach – press releases; District Newsletter; automated Phone Service.
- Increase number of parent meetings - PARCC parent meetings, Literacy Nights, Meet the Principal Nights.
- Exploration of partnerships with Rowan University.
- Implemented Full Day Preschool for 4 year olds.
- Implemented Breakfast in the Classroom at Elementary School.

DISTRICT GOAL 3:

To prepare and plan for a public referendum to fund facility maintenance and/or additions.

- Continued facilities improvements per the December 2014 Bond Referendum.

FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various schedules and statements included in the financial section of this report, the District continually meets its responsibility for sound financial management.

DEBT ADMINISTRATION:

At June 30, 2016, the District’s outstanding debt issues amount to \$19,052,000.

CASH MANAGEMENT:

Cash balances with contracted depository banks are in interest-bearing accounts which are covered un the Government Unit Deposit Protection Act of the State of New Jersey. All such deposits are held in the Board’s name.

New Jersey Governmental Unit Deposit Protection Act (NJGUDPA) permits the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or in the Stat of New Jersey Cash Management Fund. The Board uses a money market fund investing in United States Treasury obligations which is neither insured nor guaranteed by a

governmental agency; however, it is acceptable under New Jersey Statute 18A:20-37. All such deposits are held in the Board's name.

RISK MANAGEMENT:

The Board carries various kinds of insurance including but not limited to general and automobile liability, comprehensive/collision coverage, should board legal liability, theft insurance on property and contests, as well as fidelity bonds.

OTHER INFORMATION:

Independent Audit: An annual audit by independent certified public accountants is required by State Statutes. The accounting firm of Bowman and Company LLP was appointed by the Board. In addition to meet the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB 15-08, as revised. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

AWARDS:

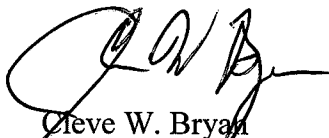
1. Teachers of the Year: Elementary School Teacher – Jennifer Schoepflin
Middle School Teacher – Brianna Rucci
High School Teacher – Jessica Marchese
2. Grant Awards: 21st Century Grant - \$250,000
Preschool Expansion Grant - \$488,318

ACKNOWLEDGEMENTS:

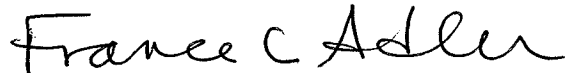
We would like to express our appreciation to the members of the Clayton Public School District School Board for their continuous support to the development and maintenance of our financial operations as well as providing accountability to the taxpayers and citizens of Clayton.

This report could not have been accomplished without the cooperation of the accounting staff of the school district and the administration.

Respectfully submitted,



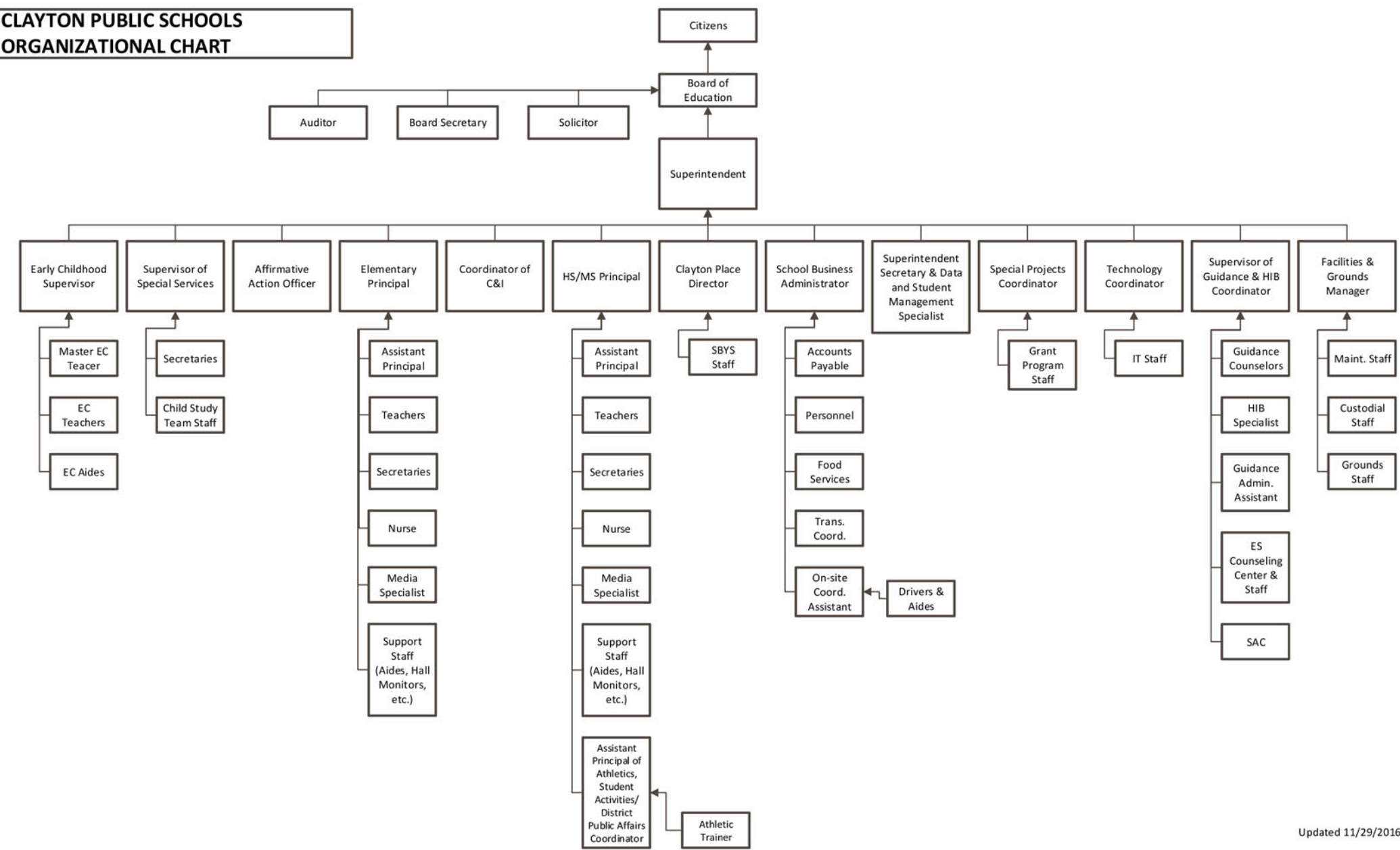
Cleve W. Bryan
Interim Superintendent of Schools
Secretary



Frances C. Adler
School Business Administrator/Board

Preparing Students for the Opportunities of Today and the Future

**CLAYTON PUBLIC SCHOOLS
ORGANIZATIONAL CHART**



Updated 11/29/2016

CLAYTON BOARD OF EDUCATION

CLAYTON, NEW JERSEY

ROSTER OF OFFICIALS

As of June 30, 2016

January 2016 – December 2016

Members of the Board of Education	Term Expires
Anthony Grafton, President	2016
Milton “Bud” Reuter, III , Vice President	2017
Paul Connell	2018
Ronald Durham	2017
Elizabeth Kellum	2016
Robin Roche	2018
Edwardo Rojas	2016
Scott Werkheiser	2016
Caite Wolak	2016

David T. Lindenmuth, Superintendent of Schools
Frances Adler, School Business Administrator/Board Secretary
Debbie Swietanski, Treasurer of School Funds

CLAYTON BOARD OF EDUCATION CLAYTON, NEW JERSEY

CONSULTANTS AND ADVISORS

Architect

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Audit Firm

Bowman & Company LLP
Certified Public Accountants & Consultants
601 White Horse Road
Voorhees, NJ 08043

Attorney

Ware, Streitz and Thompson
10 Pitman Avenue
Pitman, NJ 08071

Official Depositories

Fulton Bank of New Jersey
Clayton Branch
35 North Delsea Drive
Clayton, NJ 08312

BBB&T
114 North Main Street
Mullica Hill, NJ 08062

Special Counsel

Parker McCay
900 Midlantic Drive, Suite 300
Mt. Laurel, NJ 08054

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Clayton School District
County of Gloucester

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 Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, 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 Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's contributions, 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 Borough of Clayton School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 29, 2016 on our consideration of the Borough of Clayton 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 Borough of Clayton School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Glen J. Walton
Certified Public Accountant
Public School Accountant
No. 20CS00205000

Voorhees, New Jersey
November 29, 2016

**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
Borough of Clayton School District
County of Gloucester

We have audited, in accordance with the auditing standards generally accepted in the United States of America, 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 Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, 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 November 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Clayton 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 Borough of Clayton 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the 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 Borough of Clayton 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 entity'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
Certified Public Accountants
& Consultants



Glen J. Walton
Certified Public Accountant
Public School Accountant
No. 20CS00205000

Voorhees, New Jersey
November 29, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The management's discussion and analysis of the Borough of Clayton School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016 and 2015. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2016:

- The assets of the Borough of Clayton School District exceeded its liabilities at the close of the most recent fiscal year by \$12,018,455 (net position).
- The School District's total net position decreased by \$734,830. This increase is primarily attributable to the Borough of Clayton School District's increase in long-term liabilities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$5,048,508, a decrease of \$4,362,336 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$511,917 which is a decrease of \$14,907 in comparison with the prior year.
- The Borough of Clayton School District's total debt decreased by \$295,000 as a result of payment of general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations *in more detail* than the government-wide statements.
- *Governmental funds* statements tell how basic services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the School District operates *like businesses*, such as food services.
- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by the private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how they have changed. Net position is the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources and is one way to measure the School District's financial health or position. An increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the School District's activities are divided in two categories:

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as food services.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on the significant funds, not the School District as a whole. Funds are used by the School District to keep track of specific sources of funding and spending on particular programs.

The School District has three kinds of funds:

- *Governmental funds* – The School District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food services.
- *Fiduciary funds* – The School District is the trustee for assets that belong to others. The student activities funds which include clubs, classes, athletic and scholarship funds are maintained in this fund. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the School District is not permitted to use these assets in the School District operation.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2016 and 2015.

TABLE 1
Net Position

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 7,011,172	\$ 10,395,306	\$ (3,384,134)	-32.55%
Capital Assets	31,371,859	28,029,231	3,342,628	11.93%
Total Assets	38,383,031	38,424,537	(41,506)	-0.11%
Deferred Outflows of Resources:				
Related to Pensions	966,960	390,665	576,295	100.00%
Total Deferred Outflows of Resources	966,960	390,665	576,295	100.00%
Liabilities:				
Long-Term Liabilities	24,109,007	24,197,123	(88,116)	-0.36%
Other Liabilities	2,831,090	1,571,430	1,259,660	80.16%
Total Liabilities	26,940,097	25,768,553	1,171,544	4.55%
Deferred Inflow of Resources - Related to Pensions	391,439	293,364	98,075	100.00%
Net Position:				
Net Investment in Capital Assets	12,319,859	8,471,936	3,847,923	45.42%
Restricted	4,958,988	9,898,712	(4,939,724)	-49.90%
Unrestricted (Deficit)	(5,260,392)	(5,617,363)	356,971	-6.35%
	<u>\$ 12,018,455</u>	<u>\$ 12,753,285</u>	<u>\$ (734,830)</u>	<u>-5.76%</u>

Table 2 provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

TABLE 2
Statement of Net Position - Effect of Pension Related Items

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 966,960	\$ 390,665	\$ 576,295	100.00%
Less: Net Pension Liability	(5,473,302)	(4,922,662)	(550,640)	11.19%
Less: Deferred Inflows Related to Pensions	(391,439)	(293,364)	(98,075)	-100.00%
	<u>\$ (4,897,781)</u>	<u>\$ (4,825,361)</u>	<u>\$ (72,420)</u>	<u>1.50%</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Table 3 reflects changes in net position for fiscal years 2016 and 2015.

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 519,782	\$ 591,036	\$ (71,254)	-12.06%
Operating Grants and Contributions	3,152,415	2,639,736	512,679	19.42%
General Revenues:				
Property Taxes	8,932,560	8,558,217	374,343	4.37%
Grants and Contributions	12,056,485	12,062,364	(5,879)	-0.05%
Other	499,140	272,686	226,454	83.05%
Total Revenues	<u>25,160,382</u>	<u>24,124,039</u>	<u>1,036,343</u>	<u>4.30%</u>
Expenses:				
Instruction:				
Regular	7,386,907	7,361,734	25,173	0.34%
Special Education	1,875,425	1,546,903	328,522	21.24%
Other Special Instruction	639,403	757,159	(117,756)	-15.55%
Student Services:				
Tuition	1,683,963	1,374,384	309,579	22.52%
Student and Instruction Related	2,764,112	2,607,540	156,572	6.00%
General Administrative Services	467,282	463,038	4,244	0.92%
School Administrative Services	1,006,026	1,009,556	(3,530)	-0.35%
Central Services	276,765	262,968	13,797	5.25%
Administrative Information Technology	100,457	114,762	(14,305)	-12.46%
Plant Operations and Maintenance	1,564,456	1,553,580	10,876	0.70%
Pupil Transportation	850,770	879,291	(28,521)	-3.24%
Allocated and Unallocated Benefits	5,955,626	5,898,914	56,712	100.00%
Interest on Long-Term Debt	581,074	474,777	106,297	22.39%
Food Service	742,946	649,704	93,242	14.35%
Total Expenses	<u>25,895,212</u>	<u>24,954,310</u>	<u>940,902</u>	<u>3.77%</u>
Increase (Decrease) in Net Position	(734,830)	(830,271)	95,441	(0.11)
Beginning Net Position	<u>12,753,285</u>	<u>13,583,556</u>	<u>(830,271)</u>	<u>-6.11%</u>
Ending Net Position	<u>\$ 12,018,455</u>	<u>\$ 12,753,285</u>	<u>\$ (734,830)</u>	<u>-5.76%</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Governmental Activities

In 2015-2016, Governmental Activities Revenues were \$24,415,701 or 97.04% of total revenues.

In 2014-2015, Governmental Activities Revenues were \$23,490,410 or 97.37% of total revenues.

In 2015-2016, General Revenues - Property Taxes of \$8,932,560 made up 36.62%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$12,056,485 made up 49.42% of Governmental Activities Revenues.

In 2014-2015, General Revenues - Property Taxes of \$8,558,217 made up 36.43%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$12,062,364 made up 51.35% of Governmental Activities Revenues.

In 2015-2016, the School District's Governmental Activities expenditures increased by \$847,660 or 3.49%.

Business-Type Activities

In 2015-2016 Business-Type Activities Revenues were \$744,681 or 2.96% of total revenues. In 2014-15 Business-Type Activities Revenues were \$633,629 or 2.63% of total revenues.

Charges for Services for Business-Type Activities were \$217,356 in 2015-2016 compared to \$213,244 in 2014-2015, a 1.93% increase.

Operating Grants and Contributions for Business-Type Activities were \$527,020 in 2015-2016 compared to \$420,019 in 2014-2015, a 25.48% increase.

Expenses for Business-Type Activities were \$742,946 in 2015-2016 compared to \$649,704 in 2014-2015, a 14.35% increase.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$18,425,821, which was equal to the original budget.

The 2015-2016 General Fund Tax Levy was \$7,960,694, an increase of \$249,539 or 3.24% from the 2014-2015 General Fund Tax Levy of \$7,711,155.

During fiscal year 2016, the School District budgeted \$7,960,694 for property taxes (local tax levy) and \$9,904,658 for state aid revenues.

The School District also received \$615,535 and \$1,423,308 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance and Pension Contributions, respectively. The Borough of Clayton School District's expenditures also include the reimbursed TPAF Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance and Pension Contributions of \$615,535 and \$1,423,308 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

The final budgetary basis expenditure appropriation estimate was \$19,577,543, which was greater than the original budget.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$5,048,508, a decrease of \$4,362,336 in comparison with the prior year.

Of the combined ending fund balances of \$5,048,508, \$544,131 constitutes unassigned fund balance deficits. The remainder of fund balance of \$5,592,639 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary fund had \$141,153 in unrestricted net position.

CAPITAL ASSETS

The Borough of Clayton School District's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$12,319,859 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings and improvements, and equipment. There was a net increase in the Borough of Clayton School District's investment in capital assets for the current fiscal year of 45.42%. The net increase was the result of the net effect of the 2016 asset additions, depreciation expense, and write-offs for the year. Table 4 reflects the capital assets.

TABLE 4
Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 510,670	\$ 510,670
Construction in Progress	5,270,269	1,272,502
Site Improvements	872,470	932,226
Building and Improvements	23,678,803	24,441,434
Equipment	<u>1,039,647</u>	<u>872,399</u>
Total Capital Assets	<u>\$ 31,371,859</u>	<u>\$ 28,029,231</u>

Depreciation expense was \$1,100,873 for fiscal year ended 2016 and \$989,576 for fiscal year ended 2015.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the Borough of Clayton School District had total bonded debt outstanding of \$19,052,000. The entire Borough of Clayton School District's bonded debt is governmental as opposed to business-type. The 2016 adopted budget has an appropriation of \$295,000 representing the payment of the annual principal. The School Bond – Series 2010 will mature on September 1, 2034 and the School Bond – Series 2015 will mature on March 1, 2040.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FACTORS ON THE DISTRICT'S FUTURE

For the 2015-16 school year, the Borough of Clayton School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. Approximately 36.60% of total revenue is from local tax levy and 49.40% of the Borough of Clayton School District's revenue is from federal and state aid (restricted and not restricted).

In conclusion, the Borough of Clayton Board of Education and Administration have committed themselves to financial excellence for many years. Additionally, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District will continue with sound fiscal management to meet the challenge of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Borough of Clayton 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 Fran Adler, Business Administrator/Board Secretary at the Borough of Clayton School District, 350 E. Clinton Street, Clayton, New Jersey 08312.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF CLAYTON SCHOOL DISTRICT

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 614,910	\$ 107,004	\$ 721,914
Receivables, net	668,018	28,847	696,865
Interfund Receivable	(3,885)	3,885	
Inventory		5,194	5,194
Restricted Assets:			
Capital Reserve Account - Cash	166,479		166,479
Restricted Cash and Cash Equivalents	5,420,720		5,420,720
Capital Assets, net (Note 6)	31,262,291	109,568	31,371,859
Total Assets	38,128,533	254,498	38,383,031
DEFERRED OUTFLOWS:			
Related to Pension (Note 10)	966,960		966,960
LIABILITIES:			
Accounts Payable	1,489,462	3,777	1,493,239
Payable to State Government	45,117		45,117
Unearned Revenue	27,016		27,016
Accrued Interest Payable	114,503		114,503
Note Payable	483,313		483,313
Noncurrent Liabilities (Note 7):			
Due within One Year	667,902		667,902
Due beyond One Year	24,109,007		24,109,007
Total Liabilities	26,936,320	3,777	26,940,097
DEFERRED INFLOWS:			
Related to Pension (Note 10)	391,439		391,439
NET POSITION:			
Net Investment in Capital Assets	12,210,291	109,568	12,319,859
Restricted for:			
Capital Projects	4,287,754		4,287,754
Other Purposes	671,234		671,234
Unrestricted (Deficit)	(5,401,545)	141,153	(5,260,392)
Total Net Position	\$ 11,767,734	\$ 250,721	\$ 12,018,455

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction:						
Regular	\$ 7,386,907		\$ 745,039	\$ (6,641,868)		\$ (6,641,868)
Special Education	1,875,425	\$ 302,426	479,576	(1,093,423)		(1,093,423)
Other Instruction	639,403		43,865	(595,538)		(595,538)
Support Services:						
Tuition	1,683,963		410,583	(1,273,380)		(1,273,380)
Student and Instruction Related Services	2,764,112		755,107	(2,009,005)		(2,009,005)
General Administrative Services	467,282			(467,282)		(467,282)
School Administrative Services	1,006,026			(1,006,026)		(1,006,026)
Central Services	276,765			(276,765)		(276,765)
Administrative Information Technology	100,457			(100,457)		(100,457)
Plant Operations and Maintenance	1,564,456			(1,564,456)		(1,564,456)
Pupil Transportation	850,770			(850,770)		(850,770)
Unallocated Benefits	5,955,626		191,225	(5,764,401)		(5,764,401)
Interest on Long-Term Debt	581,074			(581,074)		(581,074)
Total Governmental Activities	25,152,266	302,426	2,625,395	(22,224,445)		(22,224,445)
Business-Type Activities:						
Food Service	742,946	217,356	527,020		\$ 1,430	1,430
Total Business-Type Activities	742,946	217,356	527,020		1,430	1,430
Total Primary Government	\$ 25,895,212	\$ 519,782	\$ 3,152,415	(22,224,445)	1,430	(22,223,015)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, net				7,960,694		7,960,694
Property Taxes Levied for Debt Service				971,866		971,866
Federal and State Aid Not Restricted				12,056,485		12,056,485
Transportation Fees from other LEAs within State				50,911		50,911
Interest and Investment Earnings				2,689	305	2,994
Miscellaneous Income				445,235		445,235
Total General Revenues				21,487,880	305	21,488,185
Change in Net Position				(736,565)	1,735	(734,830)
Net Position -- July 1				12,504,299	248,986	12,753,285
Net Position -- June 30				\$ 11,767,734	\$ 250,721	\$ 12,018,455

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

FUND FINANCIAL STATEMENTS

BOROUGH OF CLAYTON SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 614,910		\$ 5,420,720		\$ 6,035,630
Cash - Capital Reserve Account	166,479				166,479
Accounts Receivable					
State	134,199	\$ 7,608			141,807
Federal		271,484			271,484
Other	254,727				254,727
Interfunds Receivable	165,507				165,507
Total Assets	\$ 1,335,822	\$ 279,092	\$ 5,420,720	\$ -	\$ 7,035,634
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 55,656	\$ 88,496	\$ 1,118,136		\$ 1,262,288
Interfunds Payable	3,885	150,677	14,830		169,392
Payable to State Government		45,117			45,117
Note Payable	483,313				483,313
Unearned Revenue		27,016			27,016
Total Liabilities	542,854	311,306	1,132,966		1,987,126
Fund Balances:					
Restricted:					
Capital Reserve Account	166,479				166,479
Excess Surplus--Designated for Subsequent Year's Expenditures	483,067				483,067
Excess Surplus	21,688				21,688
Capital Projects			4,287,754		4,287,754
Assigned:					
Other Purposes	5,669				5,669
Subsequent Year's Expenditures	627,982				627,982
Unassigned (Deficit)	(511,917)	(32,214)			(544,131)
Total Fund Balances	792,968	(32,214)	4,287,754		5,048,508
Total Liabilities and Fund Balances	\$ 1,335,822	\$ 279,092	\$ 5,420,720	\$ -	

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 \$41,082,684, and the accumulated depreciation is \$13,100,338.

31,262,291

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

(19,303,607)

Accrued interest payable

(114,503)

Net Pension Liability

(5,473,302)

Accounts Payable related to the April 1, 2016 Required PERS pension contribution that is not to be liquidated with current financial resources.

(227,174)

Deferred Outflows of Resources - Related to Pensions

966,960

Deferred Inflows of Resources - Related to Pensions

(391,439)

Net position of governmental activities

\$ 11,767,734

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 7,960,694			\$ 971,866	\$ 8,932,560
Tuition Charges	302,426				302,426
Interest	2,689				2,689
Transportation Charges	50,911				50,911
Unrestricted Miscellaneous Revenues	379,597				379,597
State Sources	11,972,020	\$ 788,413			12,760,433
Federal Sources	84,465	1,489,710			1,574,175
Local Sources	65,638	347,272			412,910
Total Revenues	20,818,440	2,625,395	-	971,866	24,415,701
EXPENDITURES:					
Current:					
Regular Instruction	6,068,244	745,039			6,813,283
Special Education Instruction	1,266,713	479,576			1,746,289
Other Special Instruction		43,865			43,865
Other Instruction	540,442				540,442
Support Services and Undistributed Costs:					
Tuition	1,273,380	410,583			1,683,963
Student and Instruction Related Services	1,823,144	755,107			2,578,251
General Administrative Services	467,282				467,282
School Administrative Services	912,954				912,954
Central Services	251,160				251,160
Administrative Information Technology	91,164				91,164
Plant Operations and Maintenance	1,419,722				1,419,722
Pupil Transportation	850,770				850,770
Unallocated Benefits	5,628,933	236,720			5,865,653
Debt Service:					
Principal				295,000	295,000
Interest and Other Charges				676,866	676,866
Capital Outlay	355,943	14,951	\$ 4,170,479		4,541,373
Total Expenditures	20,949,851	2,685,841	4,170,479	971,866	28,778,037
Excess (Deficiency) of Revenues over Expenditures	(131,411)	(60,446)	(4,170,479)	-	(4,362,336)
OTHER FINANCING SOURCES (USES):					
Proceeds from Bond Sale					
Operating Transfers In		58,145			58,145
Operating Transfers Out	(58,145)				(58,145)
Total Other Financing Sources (Uses)	(58,145)	58,145	-	-	-
Net Change in Fund Balances	(189,556)	(2,301)	(4,170,479)	-	(4,362,336)
Fund Balance -- July 1	982,524	(29,913)	8,458,233	-	9,410,844
Fund Balance -- June 30	\$ 792,968	\$ (32,214)	\$ 4,287,754	\$ -	\$ 5,048,508

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

BOROUGH OF CLAYTON 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, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	(4,362,336)
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	\$	(1,100,673)	
Capital Outlays		4,541,373	
Capital Outlays not being depreciated		(3,883)	
Debt Service Assessment Charged to Capital Outlay		(156,872)	3,279,945

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		295,000
---	--	---------

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		95,792
--	--	--------

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		45,007
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Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		(89,973)
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Change in Net Position of Governmental Activities	\$	(736,565)
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The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF CLAYTON SCHOOL DISTRICT

Proprietary Funds
Statement of Net Position
June 30, 2016

	Business-Type Activities - <u>Enterprise Funds</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 107,004
Accounts Receivable:	
State	387
Federal	28,460
Interfund	3,885
Inventories	<u>5,194</u>
Total Current Assets	<u>144,930</u>
Noncurrent Assets:	
Equipment	343,771
Less Accumulated Depreciation	<u>234,203</u>
Total Noncurrent Assets	<u>109,568</u>
Total Assets	<u>254,498</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>3,777</u>
Total Current Liabilities	<u>3,777</u>
NET POSITION:	
Net Investment in Capital Assets	109,568
Unrestricted	<u>141,153</u>
Total Net Position	<u><u>\$ 250,721</u></u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - <u>Enterprise Fund</u>
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 113,303
Daily Sales - Non-Reimbursable Programs	96,175
Special Functions	<u>7,878</u>
Total Operating Revenues	<u>217,356</u>
OPERATING EXPENSES:	
Salaries	278,207
Employee Benefits	41,076
Supplies and Materials	30,197
Cost of Sales - Reimbursable Programs	281,474
Cost of Sales - Non-Reimbursable Programs	45,740
Management Fee	51,552
Other Purchased Services	6,722
Depreciation	<u>7,978</u>
Total Operating Expenses	<u>742,946</u>
Operating Income (Loss)	<u>(525,590)</u>
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	7,191
Federal Sources:	
Healthy Hunger Free Kids Program	8,316
Special Milk Program	247
After School Snack	3,206
National School Lunch Program	304,979
School Breakfast Program	148,876
United States Department of Agriculture Commodities	54,205
Interest and Investment Revenue	<u>305</u>
Total Nonoperating Revenues	<u>527,325</u>
Change in Net Position	1,735
Total Net Position -- July 1	<u>248,986</u>
Total Net Position -- June 30	<u><u>\$ 250,721</u></u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 212,875
Payments to Employees	(278,207)
Payments for Employee Benefits	(41,076)
Payments to Suppliers	<u>(369,812)</u>
Net Cash Provided by (used for) Operating Activities	<u>(476,220)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	<u>467,940</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>467,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Capital Assets	<u>(70,661)</u>
Net Cash Provided by (used for) Investing Activities	<u>(70,661)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	<u>305</u>
Net Cash Provided by (used for) Investing Activities	<u>305</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(78,636)
Cash and Cash Equivalents -- July 1	<u>185,640</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 107,004</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (525,590)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	7,978
Federal Commodities	54,205
(Increase) Decrease in Inventories	(451)
(Increase) Decrease in Interfund	(3,885)
Increase (Decrease) in Other Current Liabilities	<u>(8,477)</u>
Total Adjustments	<u>49,370</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (476,220)</u></u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Net Position

For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust Funds	Agency Funds		
	Scholarship <u>Trust</u>	Student <u>Activity</u>	<u>Payroll</u>	Total <u>Agency Fund</u>
ASSETS:				
Cash and Cash Equivalents	\$ 3,365	\$ 161,724	\$ 40,126	\$ 201,850
Total Assets	<u>3,365</u>	<u>\$ 161,724</u>	<u>\$ 40,126</u>	<u>\$ 201,850</u>
LIABILITIES:				
Payable to Student Groups		\$ 161,724		\$ 161,724
Payroll Deductions and Withholdings			\$ 40,126	40,126
Total Liabilities		<u>\$ 161,724</u>	<u>\$ 40,126</u>	<u>\$ 201,850</u>
NET POSITION:				
Held in Trust for Other Purposes	<u>\$ 3,365</u>			

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust Fund
	<u>Scholarship Trust</u>
ADDITIONS:	
Investment Earnings	
Interest	\$ 6
Net Investment Earnings	<u>6</u>
Total Additions	<u>6</u>
DEDUCTIONS:	
Scholarship Payments	<u>1,350</u>
Total Deductions	<u>1,350</u>
Change in Net Position	(1,344)
Net Position -- July 1	<u>4,709</u>
Net Position -- June 30	<u><u>\$ 3,365</u></u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Clayton 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 Financial Reporting Entity

The School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). 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 12 at the School District's three schools. The Borough of Clayton School District has an approximate enrollment at June 30, 2016 of 1,447.

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

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (cont'd)**

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Gloucester County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental fund:

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.

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, or from the general fund by way of transfer from capital outlay or the capital reserve account.

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.

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

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. Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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.

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:

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 of education. 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. The budgets are voted upon at the annual school election on the third Tuesday in April. 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.

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 assign 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 governmental fund types 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 expenditures 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, 2015.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures 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 acquisition value at the time received.

The School District's capitalization threshold is \$2,000. 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>Activities Estimated Lives</u>
Site Improvements	10-20 Years
Buildings and Improvements	20-50 Years
Equipment	5-15 Years

The School District does not possess any infrastructure.

Deferred Outflows and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after Total Assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after Total Liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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, 2016, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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. Expenditures are 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 fund financial statements when due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and Public Employees' Retirement System ("PERS") and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Bond Discounts / Premiums**

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

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.

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.

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

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 expenditures are 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 expenditures are 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.

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**

For the fiscal year ended June 30, 2016, the School District adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the School District.

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

In addition, the School District adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the School District.

Lastly, the School District adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the School District.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the School District in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the School District.

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 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. Such funds are shown as uninsured and uncollateralized.

Note 2: CASH AND CASH EQUIVALENTS (CONT'D)

As of June 30, 2016, the School District's bank balance of \$7,897,366 was exposed to custodial credit risk as follows:

Insured	\$	973,051
Insured under GUDPA		6,924,315
Uninsured/Uncollateralized		<u>-</u>
	\$	<u>7,897,366</u>

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$105 on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the 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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance July 1, 2015	\$	166,229
Interest Earned		250
Withdrawals		<u>-</u>
Ending balance June 30, 2016	\$	<u>166,479</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$4,287,754. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLES

Accounts receivable at June 30, 2016 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Intergovernmental	\$ 388,926	\$ 279,092	\$ 28,847	\$ 696,865
Total	<u>\$ 388,926</u>	<u>\$ 279,092</u>	<u>\$ 28,847</u>	<u>\$ 696,865</u>

Note 5: INVENTORY

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$ 3,383
Supplies	<u>1,811</u>
	<u>\$ 5,194</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 510,670			\$ 510,670
Construction in Progress	1,272,502	\$ 3,997,767		5,270,269
Total Capital Assets, not being Depreciated	1,783,172	3,997,767	-	5,780,939
Capital Assets, being Depreciated:				
Site Improvements	1,748,753	3,812	\$ (14,784)	1,737,781
Buildings and Improvements	35,581,503	12,871		35,594,374
Equipment	1,969,256	366,168	(313,435)	2,021,989
Total Capital Assets, being Depreciated	39,299,512	382,851	(328,219)	39,354,144
Less Accumulated Depreciation for:				
Site Improvement	(816,527)	(63,568)	14,784	(865,311)
Building and Improvements	(11,140,069)	(775,502)		(11,915,571)
Equipment	(1,143,742)	(153,841)	205,673	(1,091,910)
Total Accumulated Depreciation	(13,100,338)	(992,911)	220,457	(13,872,792)
Total Capital Assets, being Depreciated, Net	26,199,174	(610,060)	(107,762)	25,481,352
Governmental Activities Capital Assets, Net	\$ 27,982,346	\$ 3,387,707	\$(107,762)	\$ 31,262,291
Business-Type Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 273,110	\$ 70,661		\$ 343,771
Less Accumulated Depreciation for:				
Equipment	(226,225)	(7,978)		(234,203)
Total Business-Type Activities Capital Assets, Net	\$ 46,885	\$ (10,330)	\$ -	\$ 109,568

Note 6: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:

Instruction	\$ 700,546
Student & Instruction Related Services	162,175
General and Business Administrative Services	111,662
Plant Operations and Maintenance	<u>126,290</u>
Total Depreciation – Governmental Activities	\$ <u>1,100,673</u>

Business-Type Activities:

Food Service	\$ <u>7,978</u>
Total Depreciation Expense – Business-Type Activities	\$ <u>7,978</u>

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 19,347,000		\$ (295,000)	\$ 19,052,000	\$ 605,000
Other Liabilities:					
Net Pension Liability	4,922,662	\$ 1,332,744	(782,104)	5,473,302	
Compensated Absences	<u>296,614</u>	<u>82,777</u>	<u>(127,784)</u>	<u>251,607</u>	<u>62,902</u>
Total Other Liabilities	<u>5,219,276</u>	<u>1,415,521</u>	<u>(909,888)</u>	<u>5,724,909</u>	<u>62,902</u>
Governmental Activity Long-term Liabilities	<u>\$ 24,566,276</u>	<u>\$ 1,415,521</u>	<u>\$ (1,204,888)</u>	<u>\$ 24,776,909</u>	<u>\$ 667,902</u>

The bonds payable are generally liquidated by the debt service fund, while net pension liability 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.

Principal due on the serial bonds is as follows:

<u>Date of Issue</u>	<u>Amount Of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Amount</u>
2010	\$ 10,017,000	2016 to 2035	3.25-4.375%	\$ 9,322,000
2015	9,730,000	2017 to 2040	3.00-4.00%	<u>9,730,000</u>
				<u>\$ 19,052,000</u>

Note 7: LONG-TERM LIABILITIES (CONT'D)

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 605,000	\$ 682,063	\$ 1,287,063
2018	595,000	662,825	1,257,825
2019	625,000	643,494	1,268,494
2020	650,000	622,338	1,272,338
2021	680,000	599,894	1,279,894
2022-2026	3,870,000	2,615,875	6,485,875
2027-2031	4,810,000	1,841,413	6,651,413
2032-2036	5,127,000	869,600	5,996,600
2037-2040	2,090,000	201,131	2,291,131
	<u>\$ 19,052,000</u>	<u>\$ 8,738,633</u>	<u>\$ 27,790,633</u>

Bonds Authorized But Not Issued - As of June 30, 2016, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid.

Net Pension Liability - For details on the net pension liability, refer to note 10. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis

Note 8: SHORT-TERM OBLIGATIONS

State School Aid Anticipation Note - N.J.S.A. 18A:22-44.2 states that if a board of education of a school district is notified by the Commissioner of Education that one or more June State school aid payments will not be made until the following school budget year, and the district demonstrates through a written application to the Commissioner the need to borrow and the Commissioner approves that application, the board may borrow on or before June 30 of the current school budget year, but not earlier than June 8 of the current school budget year, a sum not exceeding the amount of the delayed State school aid payments, and may execute and deliver promissory notes therefor through private sale or delivery thereof. In accordance with this statute, on June 6, 2016, the School District issued a State School Aid Anticipation Note in the amount of \$483,313, at an annual interest rate of 3%, maturing on July 11, 2016. The State of New Jersey shall pay, on behalf of the School District, the required interest due on the note.

The following represents short-term debt activity for the fiscal year ended June 30, 2016:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
State School Aid Anticipation Note		<u>\$ 483,313</u>		<u>\$ 483,313</u>

Note 9: OPERATING LEASES

At June 30, 2016, the School District had operating lease agreements in effect for copy machines and postage machines. The present value of the future minimum rental payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 286,493
2018	223,789
2019	162,810
2020	149,596
2021	42,931
	<u>\$ 865,619</u>

Rental payments under operating leases for the fiscal year ended June 30, 2016 were \$309,647.

Note 10: 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 ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). 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 Division. 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
<http://www.state.nj.us/treasury/pensions>

General Information About the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the

Note 10: PENSION PLANS (CONT'D)**General Information About the Pension Plans (cont'd)**

PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund 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.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000 annually.

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

Note 10: PENSION PLANS (CONT'D)**General Information About the Pension Plans (cont'd)****Vesting and Benefit Provisions (cont'd)**

The membership tiers for PERS are the same as noted above for TPAF.

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

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 4.09% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Note 10: PENSION PLANS (CONT'D)**General Information About the Pension Plans (cont'd)****Contributions (cont'd)**

Teachers' Pension and Annuity Fund (cont'd) - Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$209,621, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$116,003.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2016 was 5.15% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contributions to the pension plan for the fiscal year ended June 30, 2016 was \$209,621, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$618,929.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. 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 contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2016, employee contributions totaled \$20,306, and the School District recognized pension expense of \$11,076. There were no forfeitures during the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)**

Teachers' Pension and Annuity Fund (cont'd) - The State's proportionate share of net pension liability, attributable to the School District is as follows:

School Districts Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>51,113,899</u>
	<u>\$ 51,113,899</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation of the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .0808709583%, which was an increase of .0018123505% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized \$1,415,640 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$5,473,302 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the School District's proportion was 0.0243821386%, which was an increase of 0.0019102913% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of \$299,585, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)**

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences Between Expected and Actual Experience	\$ 130,574	\$ -
Changes of Assumptions	587,789	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	88,000
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contribution	21,423	303,439
School District Contributions Subsequent to the Measurement Date	<u>227,174</u>	<u>-</u>
	<u>\$ 966,960</u>	<u>\$ 391,439</u>

Public Employees' Retirement System - \$227,174 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>PERS</u>
2017	\$ 56,030
2018	56,030
2019	56,030
2020	129,370
2021	<u>50,887</u>
	<u>\$ 348,347</u>

Note 10: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) – The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2014	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2009 – June 30, 2012	July 1, 2008 – June 30, 2011

Note 10: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

TPAF			PERS		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade	10.00%	1.79%
US Mortgages	2.10%	2.54%	Credit	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	Mortgages	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	High Yield Bonds	2.00%	4.03%
US Equity Market	27.25%	5.63%	Inflation-Indexed Bonds	1.50%	3.25%
Foreign-Developed Equity	12.00%	6.22%	Broad U.S. Equities	27.25%	8.52%
Emerging Markets Equity	6.40%	8.46%	Developed Foreign Equities	12.00%	6.88%
Private Real Estate	4.25%	3.97%	Emerging Market Equities	6.40%	10.00%
Timber			Private Equity	9.25%	12.41%
	1.00%	4.09%	Hedge		
Farmland	1.00%	4.61%	Funds/Absolute	12.00%	4.72%
Private Equity	9.25%	9.15%	Return	2.00%	6.83%
Commodities	1.00%	3.58%	Real Estate (Property)	1.00%	5.32%
Hedge Funds – MultiStrategy	4.00%	4.59%	Commodities	3.50%	-0.40%
Hedge Funds – Equity Hedge	4.00%	5.68%	Global Debt ex U.S. REIT	4.25%	5.12%
Hedge Funds – Distressed	4.00%	4.30%			
	<u>100.00%</u>			<u>100.00%</u>	

Note 10: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Discount Rate - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and for PERS, the non-employer contributing entity, will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability	60,746,958	51,113,899	42,814,442
	<u>\$ 60,746,958</u>	<u>\$ 51,113,899</u>	<u>\$ 42,814,442</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
School District's Proportionate Share of the Net Pension Liability	\$ 6,802,644	\$ 5,473,302	\$ 4,358,790

Note 10: PENSION PLANS (CONT'D)**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annrpts.shtml.

Note 11: 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, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 billion on their behalf. 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

Note 12: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, 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 in the fund financial statements for normal costs, post-retirement medical costs, and non-contributory insurance were \$615,535, \$769,443 and \$30,662, respectively.

Note 13: 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.

Note 14: DEFERRED COMPENSATION

The School District offers its employees a choice of (5) deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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 administrators are as follows:

Equitable
Lincoln Investment Planning
Lincoln National
N.Y. Life & Mainstay
Valic

Note 15: 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 who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position was \$251,607.

Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 165,507	\$ 3,885
Special Revenue		150,677
Capital Projects		14,830
Food Service	3,885	
	<u>\$ 169,392</u>	<u>\$ 169,392</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Transfers:

	<u>Transfer In: Special Revenue Fund</u>
<u>Transfer Out:</u>	
General Fund	\$ 58,145
Total Transfers	<u>\$ 58,145</u>

The principal purposes of fund transfers made during the fiscal year were for the local share of capital projects and preschool education aid.

Note 17: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 18: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 19: COMMITMENTS

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2016 that are to continue into the subsequent fiscal year(s). These projects, which are related to the capital projects fund, are as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
Clayton High School Auditorium Addition and Roof Replacement	9/1/2014	<u>\$ 4,287,754</u>

Note 20: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$511,917 in the general fund and \$32,214 in the special revenue fund as of June 30, 2016 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 \$544,131 is less than the June state aid payments.

Note 21: 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:

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, 2016 is \$21,688. Additionally, \$483,067 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2016-2017 budget.

Note 21: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)**

For Capital Reserve Account - As of June 30, 2016, the balance in the capital reserve account is \$166,479. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Capital Projects Fund - On October 21, 2014, the School District issued \$9,730,000 of general obligation bonds pursuant to: (i) Chapter 24 of Title 18A of the New Jersey Statutes, as amended and supplemented ("School Bond Law") and (ii) resolution adopted by the Board on January 22, 2015. The Bonds were authorized by a proposal adopted by the Board on October 21, 2014 and approved by the voters of the School District at a special election held on December 9, 2014. The bond issuance was approved by the voters for the auditorium addition and roof replacement at Clayton High School and the gym floor replacement at Simmons Elementary School. As of June 30, 2016, the restricted fund balance amount was \$4,287,754.

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

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017 \$613,320 of general fund balance at June 30, 2016.

The School District has appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017, \$14,662 of general fund balance at June 30, 2016, resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the current fiscal year for reimbursement of previous fiscal year expenditures.

Other Purposes - As of June 30, 2016, the School District had \$5,669 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

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:

General Fund - As of June 30, 2016, \$(511,917) of general fund balance was unassigned.

Special Revenue Fund - As of June 30, 2016, the fund balance of the special revenue fund was a deficit of \$32,214, 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 20, 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 \$32,214 is less than the last state aid payment.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 7,960,694		\$ 7,960,694	\$ 7,960,694	
Other Local Government Units	64,000		64,000	65,638	\$ 1,638
Tuition - from Individual				111,690	111,690
Tuition - LEAs w/in state	284,000		284,000	190,736	(93,264)
Interest				2,439	2,439
Unrestricted Misc. Revenues	136,950		136,950	379,597	242,647
Interest Earned on Capital Reserve	50		50	250	200
Transportation Fees - from other LEAs within State	11,552		11,552	50,911	39,359
Total - Local Sources	8,457,246		8,457,246	8,761,955	304,709
State Sources:					
School Choice Aid	96,785		96,785	96,785	-
Equalization Aid	8,683,487		8,683,487	8,683,487	-
Nonpublic Transportation Aid				10,048	10,048
Extraordinary Aid	60,000		60,000	93,064	33,064
Categorical Special Education Aid	728,613		728,613	728,613	-
Categorical Security Aid	171,822		171,822	171,822	-
Categorical Transportation Aid	60,696		60,696	60,696	-
Under Adequacy Aid	103,255	\$ (26,110)	77,145	77,145	-
Per Pupil Growth Aid		13,055	13,055	13,055	-
PARCC Readiness Aid		13,055	13,055	13,055	-
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				615,535	615,535
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				30,662	30,662
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				769,443	769,443
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				623,203	623,203
Total - State Sources	9,904,658		9,904,658	11,986,613	2,081,955
Federal Sources:					
Medicaid Reimbursement	63,917		63,917	84,465	20,548
Total - Federal Sources	63,917		63,917	84,465	20,548
Total Revenues	18,425,821		18,425,821	20,833,033	2,407,212

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool / Kindergarten	\$ 370,838	\$ (26,346)	\$ 344,492	\$ 344,486	\$ 6
Grades 1-5	1,793,812	30,525	1,824,337	1,824,336	1
Grades 6-8	1,711,901	(530,663)	1,181,238	1,181,238	-
Grades 9-12	1,357,452	294,367	1,651,819	1,651,818	1
Regular Programs - Home Instruction:					
Salaries of Teachers	17,000	496	17,496	17,496	-
Purchased Services	750	3,396	4,146	4,146	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	199,314	(172,486)	26,828	26,828	
Purchased Professional / Educational Services	74,850	479,719	554,569	548,805	5,764
Purchased Professional and Technical Services	32,909	(13,267)	19,642	19,641	1
Other Purchased Services	10,100	(8,151)	1,949	1,949	-
General Supplies	344,236	45,819	390,055	383,294	6,761
Textbooks	64,100	(4,653)	59,447	56,385	3,062
Other Objects	8,270	(27)	8,243	7,822	421
Total Regular Programs	5,985,532	98,729	6,084,261	6,068,244	16,017
Special Education - Instruction:					
Behavioral Disabilities					
Salaries of Teachers	177,036	(98,872)	78,164	78,164	-
Other Salaries for Instruction	57,155	(57,155)			-
Purchased Services		16,589	16,589	16,588	1
General Supplies	1,500		1,500	751	749
Total Behavioral Disabilities	235,691	(139,438)	96,253	95,503	750
Multiple Disabilities					
Salaries of Teachers	102,898	(1,489)	101,409	101,246	163
Other Salaries for Instruction	11,966	(11,006)	960	960	-
Purchased Services		16,663	16,663	16,662	1
General Supplies	2,859	299	3,158	1,865	1,293
Total Multiple Disabilities	117,723	4,467	122,190	120,733	1,457
Resource Room / Resource Center:					
Salaries of Teachers	869,835	95,441	965,276	945,176	20,100
Other Salaries for Instruction	30,933	57,410	88,343	87,753	590
Total Resource Room / Resource Center	900,768	152,851	1,053,619	1,032,929	20,690

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Home Instruction					
Salaries of Teachers	\$ 2,000	\$ 3,230	\$ 5,230	\$ 5,058	\$ 172
Purchase Professional - Educational Services	8,000	4,491	12,491	12,490	1
Total Home Instruction	10,000	7,721	17,721	17,548	173
Total Special Education - Instruction	1,264,182	25,601	1,289,783	1,266,713	23,070
Basis Skills / Remedial - Instruction					
Salaries of Teachers	107,241	(98,976)	8,265	5,063	3,202
Total Basis Skills / Remedial - Instruction	107,241	(98,976)	8,265	5,063	3,202
Bilingual Education - Instruction:					
Salaries of Teachers	49,795		49,795	49,795	-
Total Bilingual Education - Instruction	49,795	-	49,795	49,795	-
School Sponsored Cocurricular Activities - Instruction:					
Salaries	100,872	3,027	103,899	103,629	270
Purchased Services	4,000		4,000	4,000	-
Supplies and Materials	3,500		3,500	3,500	-
Other Objects - Cocurricular	2,500	(2,000)	500	500	-
Total School Sponsored Cocurricular Activities - Instruction	110,872	1,027	111,899	111,629	270
School Sponsored Athletics - Instruction:					
Salaries	203,805	5,617	209,422	209,187	235
Purchased Services	67,699	(3,509)	64,190	63,761	429
Supplies and Materials	29,075	(181)	28,894	28,801	93
Other Objects	28,200	2,378	30,578	30,577	1
Total School Sponsored Athletics - Instruction	328,779	4,305	333,084	332,326	758
Instructional/Alternative Education Program - Instruction					
Salaries	23,040	18,589	41,629	41,629	-
Total Instructional/Alternative Education Program - Instruction	23,040	18,589	41,629	41,629	-
Total Instruction	7,869,441	49,275	7,918,716	7,875,399	43,317

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 41,940	\$ 14,583	\$ 56,523	\$ 56,522	\$ 1
Tuition to Other LEA's Within State - Special	94,706	(52,362)	42,344	42,342	2
Tuition To Cty Sch. - Reg	114,660	(18,245)	96,415	95,697	718
Tuition to CSSD & Reg. Day Schools	524,020	(125,496)	398,524	398,524	-
Tuition to Private Schools for the Disabled - Within State	431,449	225,944	657,393	630,290	27,103
Tuition - State Facilities	50,005		50,005	50,005	-
Total Undistributed Expenditures - Instruction	1,256,780	44,424	1,301,204	1,273,380	27,824
Attendance and Social Work Services					
Supplies	52		52		52
Total Attendance and Social Work Services	52		52		52
Undistributed Expenditures - Health Services:					
Salaries	135,203	(31,973)	103,230	103,230	-
Purchased Professional and Technical Services	19,000	637	19,637	19,637	-
Other Purchased Services	700	570	1,270	1,270	-
Supplies and Materials	3,500	(870)	2,630	2,106	524
Total Undistributed Expenditures - Health Services	158,403	(31,636)	126,767	126,243	524
Undistributed Expenditures - Other Support Services -					
Students - Related Services:					
Salaries	121,501	161	121,662	121,662	-
Purchased Professional - Educational Services	89,731	(24,097)	65,634	62,045	3,589
Supplies and Materials	1,000		1,000	1,000	-
Total Undistributed Expenditures - Other Support Services -					
Students - Related Services	212,232	(23,936)	188,296	184,707	3,589
Undistributed Expenditures - Other Support Services -					
Students - Extraordinary:					
Salaries	106,529	(36,147)	70,382	70,382	-
Purchased Professional - Educational Services		205,946	205,946	203,945	2,001
(Continued)					

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary	\$ 106,529	\$ 169,799	\$ 276,328	\$ 274,327	\$ 2,001
Undistributed Expenditures - Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	419,814	(6,901)	412,913	412,056	857
Salaries of Secretarial and Clerical Assistants	33,672	47	33,719	33,718	1
Purchased Professional - Educational Services	6,700		6,700	5,641	1,059
Other Purchased Professional and Technical Services	11,000		11,000	9,700	1,300
Other Purchased Services (400-500 series)	8,010		8,010	4,809	3,201
Supplies and Materials	5,114		5,114	3,899	1,215
Other objects	975		975	920	55
Total Undistributed Expenditures - Other Support Services - Students - Guidance	485,285	(6,854)	478,431	470,743	7,688
Undistributed Expenditures - Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	286,854	(46,963)	239,891	239,888	3
Salaries of Secretarial and Clerical Assistants	35,040		35,040	35,040	-
Other Salaries	1,350	4,309	5,659	5,659	-
Purchased Professional - Educational Services	99,060	4,973	104,033	96,364	7,669
Other Purchased Professional and Technical Services	14,980		14,980	12,929	2,051
Other Purchased Services	7,495	(66)	7,429	7,191	238
Supplies and Materials	5,000		5,000	4,001	999
Other Objects	1,225		1,225	1,165	60
Total Undistributed Expenditures - Other Support Services - Students - Child Study Team	451,004	(37,747)	413,257	402,237	11,020

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	\$ 98,905		\$ 98,905	\$ 98,905	
Other Salaries	52,000	\$ 71,732	123,732	123,456	\$ 276
Purchased Professional / Education Services	17,310	(98)	17,212	12,923	4,289
Other Purch Prof. and Tech. Services	30,609	(13,010)	17,599	9,565	8,034
Other Purchased Services	7,700		7,700	4,484	3,216
Supplies and Materials	5,175	(2,200)	2,975	2,720	255
Other Objects	4,875	(2,000)	2,875	2,875	-
Total Undistributed Expenditures - Improvement of Instruction Services	216,574	54,424	270,998	254,928	16,070
Undistributed Expend. - Educational Media Services / Sch Library:					
Salaries	51,645	(74)	51,571	51,041	530
Salaries of Technology Coordinators	40,500	1,453	41,953	41,952	1
Purchased Professional and Technical Services	500		500		500
Other Purchased Services	3,478	444	3,922	3,922	-
Supplies and Materials	3,600	(1,043)	2,557	1,007	1,550
Total Undistributed Expend. - Educational Media Services / Sch Library	99,723	780	100,503	97,922	2,581
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services	15,001	(1)	15,000	12,037	2,963
Supplies and Materials		1	1		1
Total Undistributed Expenditures - Instructional Staff Training Services:	15,001		15,001	12,037	2,964

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 218,224	\$ (5,000)	\$ 213,224	\$ 213,224	
Legal Services	25,000	(5,852)	19,148	14,169	\$ 4,979
Audit Fees	28,000	(107)	27,893	27,800	93
Architectural/Engineering Services	5,000	(7)	4,993		4,993
Other Purchased Professional Services	1	8,397	8,398	4,973	3,425
Purchased Technical Services	4,825		4,825	4,473	352
Communications / Telephone	103,336	(9,792)	93,544	73,153	20,391
BOE Other Purchased Services	3,200	1,182	4,382	3,210	1,172
Other Purchased Services	111,556	(100)	111,456	102,938	8,518
General Supplies	5,992	(29)	5,963	5,379	584
Miscellaneous Expenditures	16,938	1,026	17,964	17,963	1
Total Undistributed Expenditures - Support Services - General Admin	522,072	(10,282)	511,790	467,282	44,508
Undistributed Expenditures - Support Services - School Admin:					
Salaries of Principals / Assistant Principals	506,888	7,099	513,987	500,424	13,563
Salaries of Other Professional Staff	248,841	(11,866)	236,975	236,974	1
Salaries of Secretarial and Clerical Assistants	165,829	3,552	169,381	165,719	3,662
Other Purchased Services (400-500 series)	1,000		1,000	326	674
Supplies and Materials	8,100		8,100	4,911	3,189
Other Objects	5,130		5,130	4,600	530
Total Undistributed Expenditures - Support Services - School Admin.	935,788	(1,215)	934,573	912,954	21,619

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Central Services					
Salaries	\$ 215,159	\$ 3,872	\$ 219,031	\$ 219,030	\$ 1
Purchased Professional Services	1,000	1,644	2,644	2,403	241
Purchased Technical Services	26,790	(1,684)	25,106	23,295	1,811
Miscellaneous Purchased Services	500	(9)	491	446	45
Supplies and Materials	4,000	899	4,899	4,896	3
Other Object	1,140	(50)	1,090	1,090	-
Total Undistributed Expenditures - Central Services	248,589	4,672	253,261	251,160	2,101
Undistributed Expenditures - Admin. Info. Technology					
Salaries	66,190	5,885	72,075	72,075	-
Purchased Professional Services	2,100	6,014	8,114	8,114	-
Purchased Technical Services	7,250	(464)	6,786	3,948	2,838
Other Purchased Services	4,920		4,920	2,908	2,012
Supplies and Materials	5,000		5,000	4,119	881
Total Undistributed Expenditures - Admin. Info. Technology	85,460	11,435	96,895	91,164	5,731
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	96,011	600	96,611	96,611	-
Cleaning, Repair and Maintenance Services	40,500	(5,566)	34,934	30,158	4,776
General Supplies	25,500	(189)	25,311	24,606	705
Total Undistributed Expenditures - Required Maintenance for School Facilities	162,011	(5,155)	156,856	151,375	5,481

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	\$ 385,436	\$ (30,846)	\$ 354,590	\$ 319,513	\$ 35,077
Salaries of Non-Instructional Aides	80,243	(45,270)	34,973	34,824	149
Cleaning, Repair and Maintenance Services	37,100	410	37,510	35,985	1,525
Other Purchased Services	32,615	(339)	32,276	31,433	843
Insurance	58,424	5,395	63,819	63,551	268
General Supplies	50,000	420	50,420	50,371	49
Energy (Natural Gas and Electricity)	531,150	70,152	601,302	600,010	1,292
Other Objects	185		185	175	10
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	<u>1,175,153</u>	<u>(78)</u>	<u>1,175,075</u>	<u>1,135,862</u>	<u>39,213</u>
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	37,778	(3,318)	34,460	33,669	791
General Supplies	25,000	2,811	27,811	27,811	-
Total Undistributed Expenditures - Care & Upkeep Grounds	<u>62,778</u>	<u>(507)</u>	<u>62,271</u>	<u>61,480</u>	<u>791</u>
Undistributed Expenditures - Security					
Salaries	<u>78,745</u>	<u>(3,183)</u>	<u>75,562</u>	<u>71,005</u>	<u>4,557</u>
Total Undistributed Expenditures - Security	<u>78,745</u>	<u>(3,183)</u>	<u>75,562</u>	<u>71,005</u>	<u>4,557</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 56,608	\$ (1,741)	\$ 54,867	\$ 24,489	\$ 30,378
Sal for Pupil Trans (Bet Home & Sch) - Reg.	182,345		182,345	149,807	32,538
Sal for Pupil Trans (Bet Home & Sch) - Sp Ed	36,245		36,245	35,434	811
Sal for Pupil Trans (Other than Bet. Home & Sch)	15,000		15,000	10,698	4,302
Sal for Pupil Trans (Bet Home & Sch) - NonPublic Sch	22,932	(22,257)	675	675	-
Other Purchased Professional / Technical Services	32,000		32,000	31,960	40
Cleaning, Repair and Maintenance Services	27,000	7,003	34,003	34,002	1
Lease Purchase Payments - School Buses	74,877		74,877	74,377	500
Contracted Services - Aid in Lieu of Payments - NonPub Sch	37,000	(8,117)	28,883	28,882	1
Contracted Services - (Other than Bet Home & Sch) - Vendors	12,000	17,403	29,403	29,053	350
Contracted Services - (Between Home and School) - Joint Agreement	117,620	(3,248)	114,372	96,610	17,762
Contracted Services (Special Education Students) - Joint Agreements	357,879	(5,438)	352,441	284,724	67,717
Contracted Services - Aid in Lieu of Payments	884	1,768	2,652	2,652	-
Miscellaneous Purchased Services - Transportation	20,826	(2,306)	18,520	18,413	107
Supplies and Materials	500		500	482	18
Transportation Supplies	71,351	(2,764)	68,587	27,064	41,523
Miscellaneous Expenditures	550	899	1,449	1,448	1
Total Undistributed Expenditures - Student Transportation Services	1,065,617	(18,798)	1,046,819	850,770	196,049
Unallocated Benefits:					
Social Security Contributions	246,000	(15,500)	230,500	218,803	11,697
Other Retirement Contributions - Regular	261,556	(23,000)	238,556	223,437	15,119
Unemployment Compensation	36,000	23,000	59,000	53,230	5,770
Workman's Compensation	135,327	35,519	170,846	167,059	3,787
Health Benefits	3,032,599	(307,667)	2,724,932	2,724,801	131
Tuition Reimbursement	65,000	(6,174)	58,826	31,481	27,345
Other Employee Benefits	105,917	8,010	113,927	113,926	1
Total Unallocated Benefits	3,882,399	(285,812)	3,596,587	3,532,737	63,850

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
On-behalf T.P.A.F. Pension Contributions (non-budgeted)				\$ 615,535	\$ (615,535)
On-behalf T.P.A.F. Pension - Non-Contributory Insurance (non-budgeted)				30,662	(30,662)
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				769,443	(769,443)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				623,203	(623,203)
Total On-behalf Contributions				2,038,843	(2,038,843)
Total Undistributed Expenditures	\$ 11,220,195	\$ (139,669)	\$ 11,080,526	12,661,156	(1,580,630)
Total Current Expense	19,089,636	(90,394)	18,999,242	20,536,555	(1,537,313)
Capital Outlay:					
Interest Deposit to Capital Reserve	50	(50)			
Equipment:					
Grades 9-12		105,902	105,902	105,901	1
Undistributed Expenditures:					
Maintenance of School Facilities		5,706	5,706	5,706	-
Grounds Equipment	18,113	(2,087)	16,026	16,025	1
Total Equipment	18,113	109,521	127,634	127,632	2
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	25,000		25,000		25,000
Land and Improvements	25,000		25,000		25,000
Construction Services	115,000		115,000		115,000
Lease Purchase Payment - Principal	67,984		67,984	67,984	-
Other Objects	3,456		3,456	3,455	1
Assessment for Debt Service on SDA Funding	156,872		156,872	156,872	-
Total Facilities Acquisition and Construction Services	393,312		393,312	228,311	165,001
Total Capital Outlay	411,475	109,471	520,946	355,943	165,003
Transfer of Funds to Charter Schools	7,565	49,790	57,355	57,353	2
Total Expenditures	19,508,676	68,867	19,577,543	20,949,851	(1,372,308)

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,082,855)	\$ (68,867)	\$ (1,151,722)	\$ (116,818)	\$ 1,034,904
Other Financing Sources (Uses):					
Local Contribution - Transfer to Special Revenue Fund - Regular	(38,308)		(38,308)	(38,308)	-
Local Contribution - Transfer to Special Revenue Fund - Inclusion	(19,837)		(19,837)	(19,837)	-
Total Other Financing Sources (Uses)	(58,145)		(58,145)	(58,145)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,141,000)	(68,867)	(1,209,867)	(174,963)	1,034,904
Fund Balances, July 1	(2,402,410)	(370,812)	(2,713,715)	1,902,343	4,616,058
Fund Balances, June 30	<u>\$ (3,543,410)</u>	<u>\$ (439,679)</u>	<u>\$ (3,923,582)</u>	<u>\$ 1,727,380</u>	<u>\$ 5,650,962</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 166,479	
Excess Surplus				21,688	
Excess Surplus--Designated for Subsequent Year's Expenditures				483,067	
Assigned:					
Other Purposes				5,669	
Designated for Subsequent Year's Expenditures				627,982	
Unassigned				<u>422,495</u>	
				1,727,380	
Reconciliation to Governmental Funds Statements(GAAP):					
Last 15-16 State Aid Payment Not Recognized on GAAP Basis				<u>(934,412)</u>	
				<u>\$ 792,968</u>	

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources					
CCC Grant	\$ 286,990	\$ 18,561	\$ 305,551	\$ 305,551	
Other Local Grants	11,730	12,160	23,890	16,669	\$ (7,221)
Preschool Tuition	18,000	9,568	27,568	27,568	-
Total - Local Sources	316,720	40,289	357,009	349,788	(7,221)
State Sources:					
NJ Non-Public Nursing	22,195	(2,035)	20,160	20,160	-
NJ Non-Public Textbook Aid	13,942	(1,152)	12,790	12,531	(259)
NJ Non-Public Technology	7,488	(1,664)	5,824	5,799	(25)
NJ Home Instruction		7,608	7,608	7,608	-
NJ Non-Public Security		5,600	5,600	5,600	-
Chapter 192 - Auxiliary Services	89,210	3,764	92,974	77,953	(15,021)
Chapter 193 - Handicapped Services	117,220	(33,829)	83,391	66,446	(16,945)
Preschool Education Aid	328,166	7,034	335,200	319,935	(15,265)
School Based Youth Service Program	228,704	3,050	231,754	231,751	(3)
Family Friendly Center	45,463		45,463	42,850	(2,613)
Total - State Sources	852,388	(11,624)	840,764	790,633	(50,131)
Federal Sources:					
Preschool Expansion Grant	488,318		488,318	398,527	(89,791)
Title I	351,066	146,292	497,358	445,231	(52,127)
Title IIA	37,714	18,261	55,975	47,075	(8,900)
Title III	12,400	2,589	14,989	9,521	(5,468)
I.D.E.I.A., Part B	295,335	116,772	412,107	392,561	(19,546)
I.D.E.I.A., Part B, Preschool Incentive		18,022	18,022	18,022	-
Race to the Top		3,953	3,953	3,821	(132)
IIS Grant		7,856	7,856	7,856	-
Mentoring Grant		250,000	250,000	162,922	(87,078)
Total - Federal Sources	1,184,833	563,745	1,748,578	1,485,536	(263,042)
Total Revenues	2,353,941	592,410	2,946,351	2,625,957	(320,394)

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 637,515	\$ 195,144	\$ 832,659	\$ 794,617	\$ 38,042
Other Salaries for Instruction	87,568	(26,913)	60,655	45,215	15,440
Purchased Professional and Technical Services	137,484	18,226	155,710	154,556	1,154
Other Purchased Services	43,150	50,480	93,630	87,206	6,424
General Supplies	190,059	36,213	226,272	186,594	39,678
Tuition	295,335	134,794	430,129	410,583	19,546
Other Objects		11,750	11,750	2,190	9,560
Total Instruction	<u>1,391,111</u>	<u>419,694</u>	<u>1,810,805</u>	<u>1,680,961</u>	<u>129,844</u>
Support Services:					
Salaries Personal Services	455,820	90,756	546,576	492,518	54,058
Personal Services - Employee Benefits	259,434	34,107	293,541	236,764	56,777
Purchased Professional - Educational Services	252,492	(10,965)	241,527	199,375	42,152
Other Purchased Services (400-500 series)	4,216	8,966	13,182	1,140	12,042
Supplies and Materials	6,633	38,465	45,098	34,013	11,085
Other Objects	21,380	8,488	29,868	24,380	5,488
Total Support Services	<u>999,975</u>	<u>169,817</u>	<u>1,169,792</u>	<u>988,190</u>	<u>181,602</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	<u>21,000</u>	<u>2,899</u>	<u>23,899</u>	<u>14,951</u>	<u>8,948</u>
Total Facilities Acquisition and Construction Services	<u>21,000</u>	<u>2,899</u>	<u>23,899</u>	<u>14,951</u>	<u>8,948</u>
Total Expenditures	<u>2,412,086</u>	<u>592,410</u>	<u>3,004,496</u>	<u>2,684,102</u>	<u>320,394</u>
Other Financing Sources (Uses):					
Transfer from Operating Budget - Pre K	<u>58,145</u>	<u>-</u>	<u>58,145</u>	<u>58,145</u>	
Total Outflows	<u>2,353,941</u>	<u>592,410</u>	<u>2,946,351</u>	<u>2,625,957</u>	<u>320,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2016

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) "revenues" from the budgetary comparison schedules	\$ 20,833,033	\$ 2,625,957
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(4,529)
Prior Year		6,268
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	919,819	29,913
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(934,412)</u>	<u>(32,214)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 20,818,440</u>	<u>\$ 2,625,395</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 20,949,851	\$ 2,684,102
Differences - Budget to GAAP:		
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.		
Current Year		(4,529)
Prior Year		6,268
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 20,949,851</u>	<u>\$ 2,685,841</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

ACCOUNTING AND REPORTING FOR PENSIONS

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0243821386%	0.0262924299%	0.0261298390%
School District's Proportionate Share of the Net Pension Liability	\$ 5,473,302	\$ 4,922,662	\$ 4,993,931
School District's Covered-Employee Payroll	\$ 1,756,660	\$ 2,007,976	\$ 1,913,688
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	311.57%	245.16%	260.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	Fiscal Year Ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 227,174	\$ 209,621	\$ 216,751
Contributions in Relation to the Contractually Required Contribution	<u>(227,174)</u>	<u>(209,621)</u>	<u>(216,751)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 1,629,925	\$ 1,719,534	\$ 1,706,336
Contributions as a Percentage of School District's Covered-Employee Payroll	13.94%	12.19%	12.70%

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Three Fiscal Years

	Measurement Date Ending June 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>51,113,899</u>	<u>42,254,253</u>	<u>39,378,966</u>
	<u>\$ 51,113,899</u>	<u>\$ 42,254,253</u>	<u>\$ 39,378,966</u>
School District's Covered-Employee Payroll	\$ 9,408,144	\$ 9,437,536	\$ 9,068,600
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	543.29%	447.73%	434.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

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

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2016

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

				Chapter 192			Chapter 193			
	<u>Total</u>	<u>Other Local Grants</u>	<u>CCC Grant</u>	<u>Nonpublic Compensatory Education</u>	<u>Nonpublic E.S.L.</u>	<u>Nonpublic Transportation</u>	<u>Nonpublic Examination and Classification</u>	<u>Nonpublic Corrective Speech</u>	<u>Nonpublic Supplementary Instruction</u>	<u>Total Carried Forward</u>
REVENUES:										
Federal Sources	\$ 1,485,536									\$ 1,485,536
State Sources	790,633			\$ 67,088	\$ 1,725	\$ 9,140	\$ 20,971	\$ 28,842	\$ 16,633	646,234
Local Sources	349,788	\$ 16,669	\$ 305,551							27,568
Total Revenues	\$ 2,625,957	\$ 16,669	\$ 305,551	\$ 67,088	\$ 1,725	\$ 9,140	\$ 20,971	\$ 28,842	\$ 16,633	\$ 2,159,338
EXPENDITURES:										
Instruction:										
Salaries of Teachers	\$ 794,617		\$ 70,972							\$ 723,645
Other Salaries for Instruction	45,215									45,215
Purchased Professional and Technical Services	154,556		129,325							25,231
Other Purchased Services	87,206	\$ 3,037	450							83,719
General Supplies	186,594		7,582							179,012
Tuition	410,583									410,583
Other Objects	2,190									2,190
Total Instruction	1,680,961	3,037	208,329	-	-	-	-	-	-	1,469,595
Support Services:										
Salaries Personal Services	492,518	3,296	89,651							399,571
Personal Services - Employee Benefits	236,764		6,571							230,193
Purchased Professional - Educational Services	199,375			\$ 67,088	\$ 1,725	\$ 9,140	\$ 20,971	\$ 28,842	\$ 16,633	54,976
Other Purchased Services (400-500 series)	1,140									1,140
Supplies and Materials	34,013	9,062								24,951
Other Objects	24,380	1,274	1,000							22,106
Total Support Services	988,190	13,632	97,222	67,088	1,725	9,140	20,971	28,842	16,633	732,937
Facilities Acquisition and Construction Services:										
Instructional Equipment	14,951									14,951
Total Facilities Acquisition and Construction Services	14,951	-	-	-	-	-	-	-	-	14,951
Total Expenditures	2,684,102	16,669	305,551	67,088	1,725	9,140	20,971	28,842	16,633	2,217,483
Other Financing Sources (Uses):										
Transfer from Operating Budget - Pre K	58,145									58,145
Total Outflows	2,625,957	16,669	305,551	67,088	1,725	9,140	20,971	28,842	16,633	2,159,338
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Carried <u>Forward</u>	Nonpublic <u>Textbooks</u>	Nonpublic <u>Nursing</u>	Nonpublic <u>Technology</u>	Nonpublic <u>Home Instruction</u>	Nonpublic <u>Security</u>	Preschool <u>Education Aid</u>	School Based Youth Service Program <u>Clayton Place</u>	Family Friendly <u>Center</u>	Total Brought <u>Forward</u>
REVENUES:										
Federal Sources	\$ 1,485,536									\$ 1,485,536
State Sources	646,234	\$ 12,531	\$ 20,160	\$ 5,799	\$ 7,608	\$ 5,600	\$ 319,935	\$ 231,751	\$ 42,850	-
Local Sources	27,568						27,568			-
Total Revenues	<u>\$ 2,159,338</u>	<u>\$ 12,531</u>	<u>\$ 20,160</u>	<u>\$ 5,799</u>	<u>\$ 7,608</u>	<u>\$ 5,600</u>	<u>\$ 347,503</u>	<u>\$ 231,751</u>	<u>\$ 42,850</u>	<u>\$ 1,485,536</u>
EXPENDITURES:										
Instruction:										
Salaries of Teachers	\$ 723,645						\$ 244,069			\$ 479,576
Other Salaries for Instruction	45,215						1,350			43,865
Purchased Professional and Technical Services	25,231			\$ 267	\$ 7,608					17,356
Other Purchased Services	83,719						47,122			36,597
General Supplies	179,012			5,532			10,948			162,532
Tuition	410,583									410,583
Other Objects	2,190						954			1,236
Total Instruction	<u>1,469,595</u>	<u>-</u>	<u>-</u>	<u>5,799</u>	<u>7,608</u>	<u>-</u>	<u>304,443</u>	<u>-</u>	<u>-</u>	<u>1,151,745</u>
Support Services:										
Salaries Personal Services	399,571							\$ 185,829	\$ 35,623	178,119
Personal Services - Employee Benefits	230,193						101,205	25,011	2,873	101,104
Purchased Professional - Educational Services	54,976	\$ 12,531	\$ 20,160			\$ 5,600		1,500		15,185
Other Purchased Services (400-500 series)	1,140									1,140
Supplies and Materials	24,951							3,827	994	20,130
Other Objects	22,106							15,584	3,360	3,162
Total Support Services	<u>732,937</u>	<u>12,531</u>	<u>20,160</u>	<u>-</u>	<u>-</u>	<u>5,600</u>	<u>101,205</u>	<u>231,751</u>	<u>42,850</u>	<u>318,840</u>
Facilities Acquisition and Construction Services:										
Instructional Equipment	14,951									14,951
Total Facilities Acquisition and Construction Services	<u>14,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,951</u>
Total Expenditures	<u>2,217,483</u>	<u>12,531</u>	<u>20,160</u>	<u>5,799</u>	<u>7,608</u>	<u>5,600</u>	<u>405,648</u>	<u>231,751</u>	<u>42,850</u>	<u>1,485,536</u>
Other Financing Sources (Uses):										
Transfer from Operating Budget - Pre K	58,145						58,145			
Total Outflows	<u>2,159,338</u>	<u>12,531</u>	<u>20,160</u>	<u>5,799</u>	<u>7,608</u>	<u>5,600</u>	<u>347,503</u>	<u>231,751</u>	<u>42,850</u>	<u>1,485,536</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Carried Forward	Preschool Expansion	Title I Part A	Title II Part A	Title III	I D E.I.A. Part B Basic	I.D.E.I.A. Preschool	Race to the Top	IIS Grant	CCLC
REVENUES:										
Federal Sources	\$ 1,485,536	\$ 398,527	\$ 445,231	\$ 47,075	\$ 9,521	\$ 392,561	\$ 18,022	\$ 3,821	\$ 7,856	\$ 162,922
State Sources	-									
Local Sources	-									
Total Revenues	\$ 1,485,536	\$ 398,527	\$ 445,231	\$ 47,075	\$ 9,521	\$ 392,561	\$ 18,022	\$ 3,821	\$ 7,856	\$ 162,922
EXPENDITURES:										
Instruction:										
Salaries of Teachers	\$ 479,576	\$ 95,826	\$ 299,561	\$ 30,000						\$ 54,189
Other Salaries for Instruction	43,865		43,865							
Purchased Professional and Technical Services	17,356		8,656		\$ 4,500					4,200
Other Purchased Services	36,597	36,372								225
General Supplies	162,532	141,128	3,647		4,956					12,801
Tuition	410,583					\$ 392,561	\$ 18,022			
Other Objects	1,236									1,236
Total Instruction	1,151,745	273,326	355,729	30,000	9,456	392,561	18,022	-	-	72,651
Support Services:										
Salaries Personal Services	178,119	96,581	7,759					\$ 3,350	\$ 7,746	62,683
Personal Services - Employee Benefits	101,104	13,982	70,538	7,482				471	110	8,521
Purchased Professional - Educational Services	15,185			4,685						10,500
Other Purchased Services (400-500 series)	1,140	171			65					904
Supplies and Materials	20,130	1,396	11,205	2,765						4,764
Other Objects	3,162	1,019		2,143						
Total Support Services	318,840	113,149	89,502	17,075	65			3,821	7,856	87,372
Facilities Acquisition and Construction Services:										
Instructional Equipment	14,951	12,052								2,899
Total Facilities Acquisition and Construction Services	14,951	12,052	-	-	-	-	-	-	-	2,899
Total Expenditures	1,485,536	398,527	445,231	47,075	9,521	392,561	18,022	3,821	7,856	162,922
Other Financing Sources (Uses):										
Transfer from Operating Budget - Pre K	-									
Total Outflows	1,485,536	398,527	445,231	47,075	9,521	392,561	18,022	3,821	7,856	162,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction			
Salaries of Teachers	\$ 248,705	\$ 244,069	\$ 4,636
Other Salaries for Instruction	1,350	1,350	-
Other Purchased Services	47,122	47,122	-
Supplies	20,731	10,948	9,783
Other Objects	1,800	954	846
	<u>319,708</u>	<u>304,443</u>	<u>15,265</u>
Total instruction			
Support services			
Personal Services - Employee Benefits	101,205	101,205	-
	<u>101,205</u>	<u>101,205</u>	<u>-</u>
Total support services			
	<u>101,205</u>	<u>101,205</u>	<u>-</u>
Total expenditures	<u>\$ 420,913</u>	<u>\$ 405,648</u>	<u>\$ 15,265</u>

Calculation of Budget and Carryover

Total Revised 2015-2016 Preschool Education Aid Allocation	\$ 322,140
Add: Actual ECPA Carryover (June 30, 2015)	13,060
Add: Budgeted Local Revenue	27,568
Add: Budgeted Transfer from the General Fund 2015-16	58,145
	<u>420,913</u>
Total Preschool Education Aid Funds Available for 2015-16 Budget	420,913
Less: 2015-16 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(420,913)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-
Add: 2015-16 Unexpended Preschool Education Aid	15,265
Less: 2015-16 Commissioner Approved Transfer to General Fund	<u>-</u>
2015-2016 Carryover -- Preschool Education Aid	<u>\$ 15,265</u>
2015-2016 Preschool Education Aid Carryover Budgeted in 2016-17	<u>\$ -</u>

CAPITAL PROJECTS FUND

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2016

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2016</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Clayton High School Auditorium Addition and Roof Replacement	9/1/2014	\$ 9,015,046	\$ 773,803	\$ 3,953,489	\$ 4,287,754
Simmons Elementary School Gym Floor Replacement	9/1/2014	715,689	498,699	216,990	-
Total		<u>\$ 9,730,735</u>	<u>\$ 1,272,502</u>	<u>\$ 4,170,479</u>	<u>\$ 4,287,754</u>
Restricted For:					
Encumbrances					\$ 4,106,528
Designated for Subsequent Years Expenditures					<u>181,226</u>
					<u>\$ 4,287,754</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Revenue, Expenditure, and Change in Fund Balances
 For the Fiscal Year Ended June 30, 2016

Revenues and Other Financing Sources

State Sources - SDA Grant
 Bond Proceeds and Transfers
 Contribution from Private Source
 Transfer from Capital Reserve
 Transfer from Capital Outlay

Total Revenues

-

Expenditures and Other Financing Uses

Purchased Professional and Technical Services
 Land and Improvements
 Construction Services
 Equipment Purchases

\$ 352,561
 -
 3,645,206
 172,712

Total Expenditures

4,170,479

Excess (Deficiency) of Revenues Over (Under) Expenditures

(4,170,479)

Fund Balance - July 1

8,458,233

Fund Balance - June 30

\$ 4,287,754

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Capital Projects Fund
 Statement of Project Revenues, Expenditures, Project Balance and Project Status
 Clayton High School Auditorium Addition and Roof Replacement
 From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant			-	-
Bond Proceeds and Transfers	\$ 9,014,311		\$ 9,014,311	\$ 9,014,311
Contribution from Private Source	735		735	735
Transfer from Capital Reserve			-	-
Transfer from Capital Outlay			-	-
Total Revenues	<u>9,015,046</u>	<u>-</u>	<u>9,015,046</u>	<u>9,015,046</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	359,910	\$ 351,561	711,471	805,195
Land and Improvements			-	-
Construction Services	296,800	3,429,216	3,726,016	7,093,553
Equipment Purchases	<u>117,093</u>	<u>172,712</u>	<u>289,805</u>	<u>1,116,298</u>
Total Expenditures	<u>773,803</u>	<u>3,953,489</u>	<u>4,727,292</u>	<u>9,015,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 8,241,243</u>	<u>\$ (3,953,489)</u>	<u>\$ 4,287,754</u>	<u>\$ -</u>
Encumbered			\$ 4,106,528	
Designated for Subsequent Years Expenditures			<u>181,226</u>	
			<u>\$ 4,287,754</u>	
Additional Project Information:				
Project Number	0860-030-15-100			
Grant Date	N/A			
Bond Authorization Date	October 21, 2014			
Bonds Authorized	\$ 9,014,311			
Bonds Issued	\$ 9,014,311			
Original Authorized Cost	\$ 9,015,046			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 9,015,046			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	47%			
Original Target Completion Date	December 31, 2016			
Revised Target Completion Date	N/A			

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Capital Projects Fund
 Statement of Project Revenues, Expenditures, Project Balance and Project Status
 Simmons Elementary School Gym Floor Replacement
 From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant			-	-
Bond Proceeds and Transfers	\$ 715,689		\$ 715,689	\$ 715,689
Contribution from Private Source			-	-
Transfer from Capital Reserve			-	-
Transfer from Capital Outlay			-	-
Total Revenues	<u>715,689</u>	<u>-</u>	<u>715,689</u>	<u>715,689</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	17,613	\$ 1,000	18,613	18,613
Land and Improvements			-	-
Construction Services	480,942	215,990	696,932	696,932
Equipment Purchases	<u>144</u>	<u></u>	<u>144</u>	<u>144</u>
Total Expenditures	<u>498,699</u>	<u>216,990</u>	<u>715,689</u>	<u>715,689</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 216,990</u>	<u>\$ (216,990)</u>	<u>\$ -</u>	<u>\$ -</u>
Encumbered			-	
Designated for Subsequent Years Expenditures			-	
			<u>\$ -</u>	
Additional Project Information:				
Project Number	0860-030-15-100			
Grant Date	N/A			
Bond Authorization Date	October 21, 2014			
Bonds Authorized	\$ 715,689			
Bonds Issued	\$ 715,689			
Original Authorized Cost	\$ 715,689			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 715,689			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	September 30, 2015			
Revised Target Completion Date	N/A			

PROPRIETARY FUNDS

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Proprietary Fund
 Statement of Net Position
 June 30, 2016

	Business-Type Activities - <u>Enterprise Funds</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 107,004
Accounts Receivable:	
State	387
Federal	28,460
Interfund	3,885
Inventories	<u>5,194</u>
Total Current Assets	<u>144,930</u>
Noncurrent Assets:	
Equipment	343,771
Less Accumulated Depreciation	<u>234,203</u>
Total Noncurrent Assets	<u>109,568</u>
Total Assets	<u>254,498</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>3,777</u>
Total Current Liabilities	<u>3,777</u>
NET POSITION:	
Net Investment in Capital Assets	109,568
Unrestricted	<u>141,153</u>
Total Net Position	<u>\$ 250,721</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 113,303
Daily Sales - Non-Reimbursable Programs	96,175
Special Functions	<u>7,878</u>
Total Operating Revenues	<u>217,356</u>
OPERATING EXPENSES:	
Salaries	278,207
Employee Benefits	41,076
Supplies and Materials	30,197
Cost of Sales - Reimbursable Programs	281,474
Cost of Sales - Non-Reimbursable Programs	45,740
Management Fee	51,552
Repair and Maintenance	6,722
Depreciation	<u>7,978</u>
Total Operating Expenses	<u>742,946</u>
Operating Income (Loss)	<u>(525,590)</u>
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	7,191
Federal Sources:	
Healthy Hunger Free Kids Program	8,316
Special Mi k Program	247
After School Snack	3,206
National School Lunch Program	304,979
School Breakfast Program	148,876
United States Department of Agriculture Commodities	54,205
Interest and Investment Revenue	<u>305</u>
Total Nonoperating Revenues	<u>527,325</u>
Change in Net Position	1,735
Total Net Position -- July 1	<u>248,986</u>
Total Net Position -- June 30	<u>\$ 250,721</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 212,875
Payments to Employees	(278,207)
Payments for Employee Benefits	(41,076)
Payments to Suppliers	<u>(369,812)</u>
Net Cash Provided by (used for) Operating Activities	<u>(476,220)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	<u>467,940</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>467,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Capital Assets	<u>(70,661)</u>
Net Cash Provided by (used for) Investing Activities	<u>(70,661)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	<u>305</u>
Net Cash Provided by (used for) Investing Activities	<u>305</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(78,636)
Cash and Cash Equivalents -- July 1	<u>185,640</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 107,004</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (525,590)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	7,978
Federal Commodities	54,205
(Increase) Decrease in Inventories	(451)
(Increase) Decrease in Interfund	(3,885)
Increase (Decrease) in Other Current Liabilities	<u>(8,477)</u>
Total Adjustments	<u>49,370</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (476,220)</u></u>

FIDUCIARY FUNDS

BOROUGH OF CLAYTON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2016

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>		
	<u>Scholarship Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	\$ 3,365	\$ 161,724	\$ 40,126	\$ 205,215
Total Assets	<u>3,365</u>	<u>\$ 161,724</u>	<u>\$ 40,126</u>	<u>205,215</u>
LIABILITIES:				
Payable to Student Groups		\$ 161,724		\$ 161,724
Payroll Deductions and Withholdings			\$ 40,126	40,126
Total Liabilities		<u>\$ 161,724</u>	<u>\$ 40,126</u>	<u>201,850</u>
NET POSITION:				
Held in Trust for Other Purposes	<u>3,365</u>			<u>3,365</u>
Total Net Position	<u>\$ 3,365</u>			<u>\$ 205,215</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust Funds
	<u>Scholarship Trust</u>
ADDITIONS:	
Investment Earnings	
Interest	\$ 6
Net Investment Earnings	6
Total Additions	6
DEDUCTIONS:	
Scholarship Payments	1,350
Total Deductions	1,350
Change in Net Position	(1,344)
Net Position-- July 1	4,709
Net Position -- June 30	\$ 3,365

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Herma Simmons Elementary School	\$ 12,028	\$ 14,672	\$ 16,562	\$ 10,138
Clayton High School	<u>142,390</u>	<u>338,529</u>	<u>329,333</u>	<u>151,586</u>
Total All Schools	<u>\$ 154,418</u>	<u>\$ 353,201</u>	<u>\$ 345,895</u>	<u>\$ 161,724</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 166,940	\$ 12,884,610	\$ 13,011,424	\$ 40,126
Total Assets	<u>\$ 166,940</u>	<u>\$ 12,884,610</u>	<u>\$ 13,011,424</u>	<u>\$ 40,126</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 166,940	\$ 12,884,610	\$ 13,011,424	\$ 40,126
Total Liabilities	<u>\$ 166,940</u>	<u>\$ 12,884,610</u>	<u>\$ 13,011,424</u>	<u>\$ 40,126</u>

LONG-TERM DEBT

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
Serial Bonds:									
School Bond - Series 2010	1/28/10	\$ 10,017,000	9/1/16	\$ 305,000	3.250%	\$ 9,617,000		\$ 295,000	\$ 9,322,000
			9/1/17	325,000	3.250%				
			9/1/18	340,000	3.500%				
			9/1/19	355,000	3.750%				
			9/1/20	370,000	3.750%				
			9/1/21	390,000	3.750%				
			9/1/22	410,000	3.750%				
			9/1/23	430,000	4.000%				
			9/1/24	450,000	4.000%				
			9/1/25	475,000	4.000%				
			9/1/26	495,000	4.000%				
			9/1/27	520,000	4.000%				
			9/1/28	545,000	4.000%				
			9/1/29	575,000	4.000%				
			9/1/30	600,000	4.000%				
			9/1/31	630,000	4.125%				
			9/1/32	665,000	4.250%				
			9/1/33	695,000	4.375%				
			9/1/34	747,000	4.375%				
School Bond - Series 2015	3/18/15	9,730,000	3/1/17	300,000	3.000%	9,730,000			9,730,000
			3/1/18	270,000	3.000%				
			3/1/19	285,000	3.000%				
			3/1/20	295,000	3.000%				
			3/1/21	310,000	3.000%				
			3/1/22	320,000	3.125%				
			3/1/23	330,000	3.125%				
			3/1/24	340,000	3.125%				
			3/1/25	355,000	3.125%				
			3/1/26	370,000	3.125%				
			3/1/27	385,000	3.125%				
			3/1/28	400,000	3.125%				
			3/1/29	415,000	3.125%				
			3/1/30	430,000	3.125%				
			3/1/31	445,000	3.125%				
			3/1/32	455,000	3.125%				
			3/1/33	465,000	3.125%				
			3/1/34	480,000	3.250%				
			3/1/35	490,000	3.250%				
			3/1/36	500,000	3.250%				
			3/1/37	515,000	3.375%				
			3/1/38	525,000	3.500%				
			3/1/39	525,000	4.000%				
			3/1/40	525,000	4.000%				
						\$ 19,347,000	\$ -	\$ 295,000	\$ 19,052,000

BOROUGH OF CLAYTON SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 971,866		\$ 971,866	\$ 971,866	-
Total Revenues	971,866		971,866	971,866	-
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	676,866		676,866	676,866	-
Redemption of Principal	295,000		295,000	295,000	-
Total Regular Debt Service	971,866		971,866	971,866	-
Total Expenditures	971,866		971,866	971,866	-
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balance, July 1	1		1	-	\$ (1)
Fund Balance, June 30	\$ 1	\$ -	\$ 1	\$ -	\$ (1)
Recapitulation:					
Restricted Fund Balance	\$ 1	\$ -	\$ 1	\$ -	\$ (1)

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.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (accrual basis of accounting)
Unaudited

	<u>Fiscal Year Ending June 30,</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 12,210,291	\$ 8,425,051	\$ 17,126,337	\$ 17,369,817	\$ 16,944,785	\$ 13,399,931	\$ (1,288,491)	\$ 7,719,147	\$ 7,555,524	\$ 7,141,593
Restricted	5,566,378	9,898,712	1,687,656	2,081,430	1,709,166	6,436,824	1,929,955	2,796,666	1,907,329	987,567
Unrestricted	(6,029,527)	(5,819,464)	(501,567)	(833,979)	(737,000)	(625,526)	17,993,256	(824,687)	(455,947)	44,040
Total Governmental Activities Net Position	\$ 11,747,142	\$ 12,504,299	\$ 18,312,426	\$ 18,617,268	\$ 17,916,951	\$ 19,211,229	\$ 18,634,720	\$ 9,691,126	\$ 9,006,906	\$ 8,173,200
Business-type Activities										
Net Investment in Capital Assets	\$ 109,568	\$ 46,885	\$ 57,215	\$ 71,852	\$ 148,799	\$ 64,418	\$ 30,263	\$ 30,667	\$ 18,987	\$ 16,723
Restricted										
Unrestricted	141,153	202,101	207,846	130,965	89,777	155,553	172,716	110,739	73,759	33,634
Total Business-type Activities Net Position	\$ 250,721	\$ 248,986	\$ 265,061	\$ 202,817	\$ 238,576	\$ 219,971	\$ 202,979	\$ 141,406	\$ 92,746	\$ 50,357
District-wide										
Net Investment in Capital Assets	\$ 12,319,859	\$ 8,471,936	\$ 17,183,552	\$ 17,441,669	\$ 17,093,584	\$ 13,464,349	\$ (1,258,228)	\$ 7,749,814	\$ 7,574,511	\$ 7,158,316
Restricted	5,566,378	9,898,712	1,687,656	2,081,430	1,709,166	6,436,824	1,929,955	2,796,666	1,953,062	987,567
Unrestricted	(5,888,374)	(5,617,363)	(293,721)	(703,014)	(647,223)	(469,973)	18,165,972	(713,948)	(382,188)	77,674
Total District-wide Net Position	\$ 11,997,863	\$ 12,753,285	\$ 18,577,487	\$ 18,820,085	\$ 18,155,527	\$ 19,431,200	\$ 18,837,699	\$ 9,832,532	\$ 9,145,385	\$ 8,223,557

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: District Records

BOROUGH OF CLAYTON SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)
Unaudited

	<u>Fiscal Year Ending June 30,</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 7,386,907	\$ 7,361,734	\$ 9,418,124	\$ 8,895,815	\$ 8,511,190	\$ 7,249,196.00	\$ 7,896,392	\$ 7,464,236	\$ 7,033,982	\$ 6,429,561
Special Education	1,875,425	1,546,903	2,245,943	2,125,994	2,320,908	1,860,147.00	1,274,326	747,639	766,099	731,573
Other Special Education								283,056	200,215	309,974
Other Instruction	639,403	757,159	865,437	691,470	869,407	794,398	923,740	742,056	744,318	600,716
Nonpublic School Programs							2,015	6,250	3,425	5,280
Support Services:										
Tuition	1,683,963	1,374,384	1,012,585	1,412,073	1,638,314	1,780,612	1,871,665	1,364,551	1,048,060	1,110,786
Student & Instruction Related Services	2,764,112	2,607,540	3,374,956	3,778,608	3,916,950	4,004,377	3,792,332	3,146,104	2,952,633	2,631,747
Non-Public Programs	467,282									
General Administrative Services	1,006,026	463,038	427,067	384,920	453,296	400,642	946,867	944,063	994,427	882,064
School Administrative Services	276,765	1,009,556	1,905,491	1,862,950	1,767,181	1,489,295	1,005,419	952,499	1,006,827	947,019
Central Services	100,457	262,968								
Administrative Information Technology	1,564,456	114,762								
Plant Operations and Maintenance	850,770	1,553,580	2,244,318	2,081,648	2,112,102	1,661,055	1,693,575	1,707,377	1,647,113	1,574,849
Pupil Transportation	5,955,626	879,291	800,164	822,445	880,756	667,844	1,121,077	997,656	889,532	806,578
Special Schools	581,074									
Charter Schools										
Unallocated Benefits		5,898,914								
Interest on Long-term Debt		474,777	420,347	384,664	471,521	513,331	340,271	151,258	170,210	398,268
Unallocated Depreciation										
Total Governmental Activities Expenses	25,152,266	24,304,606	22,714,432	22,440,587	22,941,625	20,420,897	20,867,679	18,506,745	17,456,841	16,428,415
Business-type Activities:										
Food Service	742,946	649,704	553,581	654,518	553,477	489,561	481,895	485,421	464,795	486,499
Total Business-type Activities Expense	742,946	649,704	553,581	654,518	553,477	489,561	481,895	485,421	464,795	486,499
Total District Expenses	\$ 25,895,212	\$ 24,954,310	\$ 23,268,013	\$ 23,095,105	\$ 23,495,102	\$ 20,910,458	\$ 21,349,574	\$ 18,992,166	\$ 17,921,636	\$ 16,914,914

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)
Unaudited

	<u>Fiscal Year Ending June 30,</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)	\$ 302,426	\$ 377,792	\$ 383,352	\$ 416,185	\$ 94,911	\$ 287,198	\$ 289,875	\$ 290,646	\$ 247,893	\$ 195,846
Operating Grants and Contributions	2,625,395	2,219,717	1,977,892	2,428,089	2,419,161	2,378,471	2,551,827	1,826,929	2,173,047	2,040,885
Total Governmental Activities Program Revenues	2,927,821	2,597,509	2,361,244	2,844,274	2,514,072	2,665,669	2,841,702	2,117,575	2,420,940	2,236,731
Business-type activities:										
Charges for services										
Food Service	217,356	213,244	193,346	197,050	202,169	209,021	221,730	250,604	260,217	242,055
Operating Grants and Contributions	527,020	420,019	422,236	416,185	369,750	296,873	321,148	283,136	245,764	206,873
Total Business-type Activities Program Revenues	744,376	633,263	615,582	613,235	571,919.00	505,894.00	542,878	533,740	505,981	448,928
Total District Program Revenues	\$ 3,672,197	\$ 3,230,772	\$ 2,976,826	\$ 3,457,509	\$ 3,085,991	\$ 3,171,563	\$ 3,384,580	\$ 2,651,315	\$ 2,926,921	\$ 2,685,659
Net (Expense)/Revenue										
Governmental Activities	\$ (22,224,445)	\$ (21,707,097)	\$ (20,353,188)	\$ (19,596,313)	\$ (20,427,473)	\$ (17,755,228)	\$ (18,025,977)	\$ (16,389,170)	\$ (15,035,901)	\$ (14,191,684)
Business-type Activities	1,430	(16,441)	62,001	(35,930)	18,442	16,513	60,983	48,319	41,186	(37,571)
Total District-wide Net Expense	\$ (22,223,015)	\$ (21,723,538)	\$ (20,291,187)	\$ (19,632,243)	\$ (20,409,031)	\$ (17,738,715)	\$ (17,964,994)	\$ (16,340,851)	\$ (14,994,715)	\$ (14,229,255)

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 7,960,694	\$ 7,711,155	\$ 7,559,956	\$ 7,411,722	\$ 7,164,595	\$ 6,942,151	\$ 6,783,799	\$ 6,563,869	\$ 6,437,878	\$ 6,081,922
Taxes Levied for Debt Service	971,866	847,062	692,859	924,356	902,701	865,594	381,857	363,846	533,555	439,953
Federal & State Aid not Restricted	12,056,485	11,782,620	11,322,732	11,358,679	10,862,334	10,120,489	9,400,298	9,712,650	8,296,587	7,818,467
State Aid Restricted	50,911	279,744	288,728	303,406	302,671	303,589	10,344,088	339,528	514,373	463,786
Tuition Received						50,479	9,444	2,842	15,730	1,750
Transportation			17,749	24,501	24,863	4,519	8,174			
Investment Earnings	2,689	4,353	249	4,884	1,789	23,405	22,548	29	37	1,016
Miscellaneous Income	424,643	267,967	166,073	269,082	181,213	100,212	19,363	90,626	71,447	75,373
Transfers					(306,971)	(78,701)				(15,800)
Total Governmental Activities	21,467,288	20,892,901	20,048,346	20,296,630	19,133,195	18,331,737	26,969,571	17,073,390	15,869,607	14,866,467
Business-type Activities:										
Investment Earnings	305	366	243	171	163	479	590	341	1,203	2,049
Transfers										15,800
Total Business-type Activities	305	366	243	171	163	479	590	341	1,203	17,849
Total District-wide	\$ 21,467,593	\$ 20,893,267	\$ 20,048,589	\$ 20,296,801	\$ 19,133,358	\$ 18,332,216	\$ 26,970,161	\$ 17,073,731	\$ 15,870,810	\$ 14,884,316
Change in Net Position										
Governmental Activities	\$ (757,157)	\$ (814,196)	\$ (304,842)	\$ 700,317	\$ (1,294,278)	\$ 576,509	\$ 8,943,594	\$ 684,220	\$ 833,706	\$ 674,783
Business-type Activities	1,735	(16,075)	62,244	(35,759)	18,605	16,992	61,573	48,660	42,389	(19,722)
Total District	\$ (755,422)	\$ (830,271)	\$ (242,598)	\$ 664,558	\$ (1,275,673)	\$ 593,501	\$ 9,005,167	\$ 732,880	\$ 876,095	\$ 655,061

For the fiscal year ended June 30, 2016, the School District adopted GASBS No's 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2016 are shown as originally reported and have not been restated for this adoption.

Source: District Records

BOROUGH OF CLAYTON SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)
Unaudited

	<u>Fiscal Year Ending June 30</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund										
Restricted	\$ 1,284,293	\$ 1,509,348	\$ 2,066,924	\$ 1,938,673	\$ 1,571,848	\$ 1,058,520	\$ 2,611,214	\$ 2,635,794	\$ 1,792,190	\$ 1,226,646
Unassigned	(511,917)	(526,824)	(551,601)	(547,140)	(469,797)	(366,965)	(486,322)	(460,629)	(62,306)	(4,189)
Total General Fund	<u>\$ 772,376</u>	<u>\$ 982,524</u>	<u>\$ 1,515,323</u>	<u>\$ 1,391,533</u>	<u>\$ 1,102,051</u>	<u>\$ 691,555</u>	<u>\$ 2,124,892</u>	<u>\$ 2,175,165</u>	<u>\$ 1,729,884</u>	<u>\$ 1,222,457</u>
All Other Governmental Funds										
Restricted	\$ 4,287,754	\$ 8,458,233	\$ 1,002			\$ 950,225	\$ 531,781			\$ 18,495
Unassigned, Reported in:										
Special Revenue Fund	(32,214)	(29,913)	(28,379)	\$ (32,134)	\$ (32,270)	(29,336)	(29,336)	\$ (28,035)	\$ (54,016)	(44,416)
Capital Projects Fund						4,433,999	18,461,133	160,872	160,872	142,377
Debt Service Fund				171,221	170,220	22,506	22,506			
Permanent Fund										
Total All Other Governmental Funds	<u>\$ 4,255,540</u>	<u>\$ 8,428,320</u>	<u>\$ (27,377)</u>	<u>\$ 139,087</u>	<u>\$ 137,950</u>	<u>\$ 5,377,394</u>	<u>\$ 18,986,084</u>	<u>\$ 132,837</u>	<u>\$ 106,856</u>	<u>\$ 116,456</u>

Source: District Records

BOROUGH OF CLAYTON SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)
Unaudited

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues										
Tax Levy	\$ 8,932,560	\$ 8,558,217	\$ 8,252,815	\$ 8,336,078	\$ 8,067,296	\$ 7,807,745	\$ 7,165,656	\$ 6,927,715	\$ 6,971,433	\$ 6,521,875
Tuition Charges	302,426	377,792	383,352	416,185	94,991	50,479	9,444	2,842	15,730	1,750
Interest Earnings	2,689	4,353	249	4,884	1,789	23,405	22,548	29	37	1,016
Transportation	50,911		17,749	24,501	24,863	4,519	8,174			
Miscellaneous	359,005	203,640	100,571	200,551	128,824	94,958	19,267	90,626	71,447	75,373
State Sources	12,760,433	12,770,481	12,327,266	12,450,970	11,349,260	11,116,550	20,165,718	11,246,353	10,286,271	9,585,459
Federal Sources	1,574,175	1,174,334	957,312	1,575,292	1,917,386	1,886,646	2,415,053	5,000	2,373	
Local Sources	412,910	401,593	370,276	132,443	62,938	13,104	5,317	918,400	943,256	933,206
Total Revenue	24,395,109	23,490,410	22,409,590	23,140,904	21,647,347	20,997,406	29,811,177	19,190,965	18,290,547	17,118,679
Expenditures										
Instruction										
Regular Instruction	6,813,283	6,768,507	6,173,593	6,052,303	5,296,670	5,094,612	6,009,874	5,681,334	5,158,749	4,766,650
Special Education Instruction	1,746,289	1,430,636	1,529,854	1,496,740	1,513,907	1,329,185	1,013,298	560,303	543,935	522,520
Other Special Instruction	43,865	76,519						249,157	184,807	281,447
Other Instruction	540,442	620,557	556,400	462,640	531,689	545,581	684,759	556,119	530,902	432,828
Adult/Continuing Education Programs							1,494	4,684		
Support Services:										
Tuition	1,683,963	1,374,384	1,012,585	1,412,073	1,638,314	1,780,612	1,871,665	1,364,551	1,048,060	1,110,786
Student & Instruction Related Services	2,578,251	2,449,209	2,384,489	2,805,669	2,824,922	3,059,845	3,023,022	2,502,017	2,294,381	2,030,723
General Administrative&BusinessServices	467,282	463,038	427,067	384,918	453,296	400,642	458,106	491,325	493,616	447,027
School Administrative Services	912,954	920,437	906,008	907,994	797,524	760,027	745,306	707,509	714,853	676,401
Other Administrative Services	342,324	344,386	319,055	338,444	283,201	262,799	243,796	222,506	212,433	182,980
Plant Operations and Maintenance	1,419,722	1,416,437	1,442,898	1,392,761	1,291,662	1,140,787	1,255,429	1,279,559	1,172,392	1,149,199
Pupil Transportation	850,770	879,291	800,164	822,445	880,756	667,844	831,042	777,650	649,323	592,989
Unallocated Employee Benefits	5,865,653	5,857,860	5,473,022	5,272,964	4,671,624	4,288,414	3,894,281	3,366,129	3,587,981	3,443,654
Capital Outlay	4,541,373	1,568,443	275,323	274,573	5,064,852	14,352,137	1,444,632	253,486	153,360	235,806
Debt Service:										
Principal	295,000	725,000	715,000	767,000	745,000	625,000	600,000	550,000	870,000	735,000
Interest and Other Charges	676,866	402,808	436,806	459,761	482,878	544,183	136,360	153,374	177,928	214,922
Total Expenditures	28,778,037	25,297,512	22,452,264	22,850,285	26,476,295	34,851,668	22,213,064	18,719,703	17,792,720	16,822,932
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,382,928)	(1,807,102)	(42,674)	290,619	(4,828,948)	(13,854,262)	7,598,113	471,262	497,827	295,747
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)										105,000
Bond Proceeds		9,730,000					10,017,096			
Proceeds of Refunding Debt										
Transfers In	58,145	65,788		772	172,009	105,572	22,548	29	37	1,016
Transfers Out	(58,145)	(65,788)		(772)	(172,009)	(105,572)	(22,548)	(29)	(37)	(16,816)
Total Other Financing Sources (Uses)	-	9,730,000	-	-	-	-	10,017,096	-	-	89,200
Net Change in Fund Balances	\$ (4,382,928)	\$ 7,922,898	\$ (42,674)	\$ 290,619	\$ (4,828,948)	\$ (13,854,262)	\$ 17,615,209	\$ 471,262	\$ 497,827	\$ 384,947
Debt Service as a Percentage of Noncapital Expenditures	4.0%	4.8%	5.2%	5.4%	5.7%	5.7%	3.5%	3.8%	5.9%	5.7%

Source: District Records

BOROUGH OF CLAYTON SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (modified accrual basis of accounting)
 Unaudited

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Refunds								\$ 13,258	\$ 17,495	
Interest on Investments	\$ 2,689	\$ 4,353	\$ 249	\$ 4,112	\$ 1,789	\$ 8,114	\$ 15,976	15,120	26,257	\$ 11,410
Miscellaneous	424,643	203,640	100,571	200,551	128,824	92,098	3,291	300	5,695	2,059
Rentals								900		
Tuition Refunds								41,093		12,072
Tuition	302,426	377,792	383,352	416,185	94,991	50,479	9,444	2,842	13,980	5,393
Transportation Fees	50,911		17,749	24,501	24,863	4,519	8,174	14,637	2,000	
	<u>\$ 780,669</u>	<u>\$ 585,785</u>	<u>\$ 501,921</u>	<u>\$ 645,349</u>	<u>\$ 250,467</u>	<u>\$ 155,210</u>	<u>\$ 36,885</u>	<u>\$ 88,150</u>	<u>\$ 65,427</u>	<u>\$ 30,934</u>

Source: 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.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

<u>Year Ended Dec. 31,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities (1)</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate (2)</u>
2015	\$ 8,559,900	\$ 398,756,200	\$ 1,742,300	\$ 277,200	\$ 28,300,100	\$ 11,551,800	\$ 12,483,800	\$ 461,671,300	\$ 288,400	\$ 1,167,265	\$ 462,838,565	\$ 462,909,460	2.017
2014	11,952,300	392,213,400	1,961,700	276,900	29,976,300	11,951,200	13,174,700	461,506,500	399,800	1,118,939	462,625,439	478,836,275	1.85
2013	13,299,600	392,831,800	2,824,500	361,200	29,108,900	12,275,400	14,141,900	464,843,300		1,156,928	466,000,228	485,974,721	1.771
2012	6,201,500	246,957,400	1,593,800	581,062	13,779,800	9,921,000	6,222,700	285,194,262	782,800	609,000	285,803,262	507,364,531	2.916
2011	6,348,600	247,167,800	1,814,700	518,052	13,852,500	11,957,000	6,222,700	287,882,262		618,193	288,500,455	521,761,379	2.796
2010	6,695,800	246,918,200	1,814,700	557,262	13,235,300	11,957,000	6,222,700	287,434,538		735,486	288,136,448	525,465,827	2.709
2009	7,602,800	243,441,500	1,707,000	554,900	13,738,600	11,957,000	6,222,700	285,512,548	404,325	692,373	285,916,873	533,425,806	2.506
2008	8,326,500	238,900,800	1,751,800	389,900	13,844,400	11,967,800	6,222,700	281,403,900	404,325	669,812	282,073,712	503,948,291	2.521
2007	8,467,400	233,501,400	1,824,600	391,100	13,659,200	11,762,375	6,222,700	275,828,700	404,325	662,101	276,086,551	455,559,405	2.521
2006	9,091,300	228,321,800	1,608,200	385,500	14,559,125	11,762,375	6,222,700	271,951,000	391,925	695,970	272,255,045	396,332,148	2.395

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

GASB Statement 44 requires that the information in this schedule be shown for each "period for which levied" and should be consistent with the periods shown in the schedule of direct and overlapping property tax rates and schedule of property tax levies and collections.

Source: Municipal Tax Assessor

BOROUGH OF CLAYTON SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten (Fiscal) Years

(rate per \$100 of assessed value)

Unaudited

Year Ended Dec. 31,	District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	<u>Basic Rate (1)</u>	<u>General Obligation Debt Service (2)</u>	<u>Total Direct School Tax Rate</u>	<u>Library District</u>	<u>Clayton Borough</u>	<u>Open Spaces</u>	<u>County of Gloucester</u>	
2015	\$ 1.776	\$ 0.241	\$ 2.017	\$ 0.149	\$ 0.992	\$ 0.041	\$ 0.631	\$ 3.730
2014	1.670	0.180	1.850	0.047	0.959	0.042	0.596	3.494
2013	1.662	0.149	1.771	0.045	0.925	0.043	0.586	3.370
2012	2.593	0.323	2.916	0.075	1.401	0.071	0.095	5.368
2011	2.483	0.313	2.796	0.074	1.357	0.072	0.904	5.203
2010	2.409	0.300	2.709	0.074	1.357	0.073	0.930	5.143
2009	2.373	0.133	2.506	0.077	1.301	0.074	0.951	4.909
2008	2.333	0.129	2.462	0.074	1.245	0.072	0.912	4.765
2007	2.328	0.193	2.521	0.070	1.205	0.066	0.842	4.704
2006	2.233	0.162	2.395	0.064	1.185	0.059	0.801	4.504

(1) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

(2) Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows:
the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any growth adjustments.

Source: Municipal Tax Collector

BOROUGH OF CLAYTON SCHOOL DISTRICT

Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

<u>Taxpayer</u>	2016			2007		
	Taxable Assessed <u>Value</u>	Rank	% of Total District Net <u>Assessed Value</u>	Taxable Assessed <u>Value</u>	Rank	% of Total District Net <u>Assessed Value</u>
Berk Cohen Assoc. at Rustic Village	\$ 8,301,400	1	24.91%	N/A		N/A
Aleris Light Gauge Products, Inc.	6,941,900	2	20.83%	N/A		N/A
Fernmoor Homes at Clayton LLC	5,953,400	3	17.87%	N/A		N/A
Realmarq Development LLC	3,238,300	4	9.72%	N/A		N/A
Silver Lake Assoc.	3,094,700	5	9.29%	N/A		N/A
Rite Aide of NJ Inc.	1,263,600	6	3.79%	N/A		N/A
Verizon Comm Inc	1,208,465	7	3.63%	N/A		N/A
American Stores Com LLC	1,125,200	8	3.38%	N/A		N/A
825 Delsea Dr. c/o Robson Goldberg	1,105,000	9	3.32%	N/A		N/A
Saiwood Corporation	1,089,700	10	3.27%	N/A		N/A
Total	<u>\$ 33,321,665</u>		<u>100.00%</u>			

Source: Municipal Tax Assessor
Information for 2007 is not available

BOROUGH OF CLAYTON SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year of the Levy (1)</u>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 8,932,559	\$ 8,932,559	100.00%	-
2015	8,558,217	8,558,217	100.00%	-
2014	8,252,815	8,252,815	100.00%	-
2013	8,336,078	8,336,078	100.00%	-
2012	8,067,295	8,067,295	100.00%	-
2011	7,807,745	7,807,745	100.00%	-
2010	7,165,656	7,165,656	100.00%	-
2009	6,927,715	6,927,715	100.00%	-
2008	6,971,433	6,971,433	100.00%	-
2007	6,521,875	6,521,875	100.00%	-

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

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

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.

BOROUGH OF CLAYTON SCHOOL DISTRICT

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		Percentage of Personal Income (2)	<u>Per Capita (2)</u>
	<u>General Obligation Bonds (1)</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Capital Leases</u>	<u>Total District</u>		
2016	\$ 19,052,000	-	-	-	-	\$ 19,052,000	NA	NA
2015	19,347,000	-	-	-	-	19,347,000	NA	NA
2014	10,342,000	-	-	-	-	10,342,000	NA	NA
2013	11,057,000	-	-	-	-	11,057,000	NA	NA
2012	11,824,000	-	-	-	-	11,824,000	NA	NA
2011	12,569,000	-	-	-	-	12,569,000	NA	NA
2010	13,194,000	-	-	-	-	13,194,000	NA	NA
2009	3,777,000	-	-	-	-	3,777,000	NA	NA
2008	4,327,000	-	-	-	-	4,327,000	NA	NA
2007	5,197,000	-	-	-	-	5,197,000	NA	NA

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

(1) Includes Early Retirement Incentive Plan (ERIP) refunding

(2) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (2)</u>
2016	\$ 19,052,000	-	\$ 19,052,000	4.12%	NA
2015	19,347,000	-	19,347,000	4.18%	NA
2014	10,342,000	-	10,342,000	2.22%	NA
2013	11,057,000	-	11,057,000	3.87%	NA
2012	11,824,000	-	11,824,000	4.10%	NA
2011	12,569,000	-	12,569,000	4.36%	NA
2010	13,194,000	-	13,194,000	4.61%	NA
2009	3,777,000	-	3,777,000	1.34%	NA
2008	4,327,000	-	4,327,000	1.57%	NA
2007	5,197,000	-	5,197,000	1.91%	NA

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

- (1) See Exhibit NJ J-6 for property tax data.
- (2) Population data can be found in Exhibit NJ J-14.

Source: District Records.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Clayton	\$ 1,862,577	100.00%	\$ 1,862,577
Other debt			
County of Gloucester	239,760,175	1.81%	4,328,328
Subtotal, overlapping debt			6,190,905
Borough of Clayton School District Direct Debt			19,052,000
Total direct and overlapping debt			<u>\$ 25,242,905</u>

Sources: Assessed value data used to estimate applicable percentages provided by County of Gloucester
Debt outstanding provided by applicable governmental unit

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

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis	
	2015	\$ 459,763,509
	2014	456,575,485
	2013	<u>479,763,959</u>
	[A]	<u><u>\$ 1,396,102,953</u></u>
Average equalized valuation of taxable property	[A/3]	\$ 465,367,651
Debt limit (4% of average equalization value) (1)	[B]	\$ 18,614,706
Total Net Debt Applicable to Limit	[C]	<u>19,052,000</u>
Legal Debt Margin	[B-C]	<u><u>\$ (437,294)</u></u>

	Fiscal Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	\$ 18,614,706	\$ 18,968,056	\$ 19,677,673	\$ 17,669,809	\$ 18,050,239	\$ 18,214,012	\$ 17,902,134	\$ 17,056,883	\$ 15,431,533	\$ 15,949,352
Total net debt applicable to limit	<u>19,052,000</u>	<u>19,347,000</u>	<u>10,342,000</u>	<u>11,057,000</u>	<u>11,824,000</u>	<u>12,569,000</u>	<u>13,194,000</u>	<u>2,133,256</u>	<u>2,382,333</u>	<u>5,197,000</u>
Legal debt margin	<u><u>\$ (437,294)</u></u>	<u><u>\$ (378,944)</u></u>	<u><u>\$ 9,335,673</u></u>	<u><u>\$ 6,612,809</u></u>	<u><u>\$ 6,226,239</u></u>	<u><u>\$ 5,645,012</u></u>	<u><u>\$ 4,708,134</u></u>	<u><u>\$ 14,923,627</u></u>	<u><u>\$ 13,049,200</u></u>	<u><u>\$ 10,752,352</u></u>
Total net debt applicable to the limit as a percentage of debt limit	102.35%	102.00%	52.56%	62.58%	65.51%	69.01%	73.70%	12.51%	15.44%	32.58%

(1) Limit set by NJSA 18A 24-19 for a K through 12 district; other % limits would be applicable for other districts

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	8,493	\$ 395,799,279	\$ 46,603	7.9%
2015	8,307	375,218,883	45,169	7.1%
2014	8,216	368,635,488	44,868	8.5%
2013	8,175	345,213,900	42,228	9.8%
2012	8,202	339,374,154	41,377	9.5%
2011	7,139	282,640,149	39,591	9.8%
2010	7,586	296,157,440	39,040	9.2%
2009	7,586	NA	NA	NA
2008	7,563	NA	NA	NA
2007	7,511	NA	NA	NA

Source:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita personal income by municipality-estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF CLAYTON SCHOOL DISTRICT

Principal Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Inspira Health	1,825	1	N/A	N/A		N/A
Kennedy Memorial Hospital	1,675	2	N/A	N/A		N/A
Washington Township School District	1,592	3	N/A	N/A		N/A
Rowan University	1,483	4	N/A	N/A		N/A
County of Gloucester	1,354	5	N/A	N/A		N/A
Missa Bay, LLC	950	6	N/A	N/A		N/A
Monroe Township School District	806	7	N/A	N/A		N/A
U.S. Foodservices	725	8	N/A	N/A		N/A
Exxon Mobile Research & Engineering	540	9	N/A	N/A		N/A
LaBrea Bakery	525	10	N/A	N/A		N/A
	<u>11,475</u>					

Source:

Gloucester County Office of Economic Development and Employer Directly

Note - The information provided is for the County of Gloucester. Information at the municipal level is not available.

Information for 2007 is not available.

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.

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction										
Regular	93	93	93	99	78	77	87	87	86	90
Special education	20	20	20	26	22	22	18	18	14	12
Other special education										
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & instruction related services	47	47	47	36	36	36	26	26	26	23
General administrative services	2	2	2	2	2	2	4	4	4	3
School administrative services	12	12	12	12	12	12	11	11	11	11
Business administrative services	5	5	5	3	3	3	3	3	3	3
Plant operations and maintenance	14	14	14	12	12	10	10	10	10	10
Pupil transportation	10	10	10	12	12	12	5	5	5	5
Special Schools										
Food Service	1	1		2						
Child Care										
Total	<u>204</u>	<u>204</u>	<u>202</u>	<u>204</u>	<u>177</u>	<u>174</u>	<u>164</u>	<u>164</u>	<u>158</u>	<u>157</u>

Source: District Personnel Records

BOROUGH OF CLAYTON SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

<u>Fiscal</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (2)</u>	<u>Pupil/Teacher Ratio</u>			<u>Average Daily Enrollment (ADE) (3)</u>	<u>Average Daily Attendance (ADA) (3)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>	<u>Middle School</u>	<u>High School</u>				
2016	1,447	\$ 23,264,798	\$ 16,078	3.01%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2015	1,448	22,601,261	15,609	3.86%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	1.71%	95.60%
2014	1,399	21,025,135	15,029	-3.81%	120	12.4:1	12.9:1	9.6:1	1,392	1,346	4.91%	96.70%
2013	1,384	21,623,525	15,624	6.05%	125	11.6:1	11.8:1	9.6:1	1,367	1,316	2.57%	96.27%
2012	1,370	20,183,565	14,733	1.52%	117	14.0:1	7.6:1	10.1:1	1,366	1,283	6.21%	93.92%
2011	1,332	19,330,348	14,512	-0.46%	116	14.0:1	7.6:1	10.1:1	1,322	1,208	-6.36%	91.38%
2010	1,374	20,032,072	14,579	10.89%	121	11.0:1	7.3:1	11.0:1	1,327	1,290	14.16%	97.21%
2009	1,351	17,762,843	13,148	3.73%	123	11.9:1	6.6:1	11.8:1	1,350	1,130	-8.43%	83.70%
2008	1,309	16,591,432	12,675	4.32%	114	14.5:1	15.2:1	8.9:1	1,313	1,234	4.22%	93.98%
2007	1,287	15,637,204	12,150	3.84%	119	14.5:1	15.2:1	8.9:1	1,250	1,184	2.87%	94.70%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BOROUGH OF CLAYTON SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>District Building</u>										
<u>Elementary</u>										
E.S. Simmons Elementary										
Square Feet	95,421	95,421	95,421	95,421	95,421	96,191	96,191	96,191	96,191	96,191
Capacity (students)	763	763	763	763	763	638	638	638	638	638
Enrollment	743	757	733	719	724	787	787	778	765	746
<u>High School/Middle School</u>										
Clayton Middle School										
Square Feet	126,080	126,080	126,080	126,080	126,080	98,092	98,092	98,092	98,092	98,092
Capacity (students)	868	868	868	868	868	800	500	617	617	617
Enrollment	708	691	666	665	646	545	525	534	524	540

Number of Schools at June 30, 2016

 Elementary = 1

 High/Middle School= 1

 Other = 0

Source: District records, ASSA

*Increases/decreases in sq. ft. and/or capacity resulted from actual architect records vs. estimates used in prior years. additions. Enrollment is based on the annual October district count.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years
Unaudited

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

<u>* School Facilities</u>	<u>Project # (s)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Clayton Middle/Clayton High School	N/A	\$ 86,283	\$ 96,633	\$ 111,013	\$ 104,688	\$ 103,567	\$ 96,080	\$ 121,107	\$ 89,224	\$ 102,750	\$ 85,990
Clayton Elementary School	N/A	<u>65,091</u>	<u>73,136</u>	<u>88,664</u>	<u>78,976</u>	<u>53,098</u>	<u>64,081</u>	<u>61,959</u>	<u>71,698</u>	<u>82,791</u>	<u>52,230</u>
Total School Facilities		<u>151,374</u>	<u>169,769</u>	<u>199,677</u>	<u>183,664</u>	<u>156,665</u>	<u>160,161</u>	<u>183,066</u>	<u>160,922</u>	<u>185,541</u>	<u>138,220</u>
Other Facilities										-	-
Grand Total		<u>\$ 151,374</u>	<u>\$ 169,769</u>	<u>\$ 199,677</u>	<u>\$ 183,664</u>	<u>\$ 156,665</u>	<u>\$ 160,161</u>	<u>\$ 183,066</u>	<u>\$ 160,922</u>	<u>\$ 185,541</u>	<u>\$ 138,220</u>

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

Source: District Records

BOROUGH OF CLAYTON SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property & Auto Physical Damage/Boiler & Machinery	\$ 40,692,910	\$ 1,000
Commercial Liability	10,000,000	10,000.00
General Liability	1,000,000/3,000,000	
Automobile Liability	1,000,000	500 / 1,000
School Board Legal Liability	1,000,000/2,000,000	7,500
Workers' Compensation	Statutory	
Student Accident Insurance (2)	1,000,000	
Surety Bonds (3)		
Treasurer	250,000	
Board Secretary/Business Administrator	20,000	
(1) List Insurance Company	Utica Mutual Insurance	
(2) List Insurance Company	BMI LLC	
(3) Per Claim/Annual Aggregate		
(4) Each Accident		

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Clayton School District
County of Gloucester

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Clayton School District's, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-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 Borough of Clayton School District's, in the County of Gloucester, State of New Jersey, 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 Gloucester of Clayton School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, 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 the Uniform Guidance and State of New Jersey Circular 15-08-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 the Uniform Guidance and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Glen J. Walton
Certified Public Accountant
Public School Accountant
No. 20CS00205000

Voorhees, New Jersey
November 29, 2016

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2016

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Pass-through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30, 2015	Unearned Revenue
					From	To		
General Fund:								
U.S. Department of Education Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	\$ 84,465	7-1-2015	6-30-2016		
Total General Fund								
Special Revenue Fund:								
U.S. Department of Education Passed-through State Department of Education:								
N.C.L.B.:								
Title I, Part A Carryover	84.010A	S010A150030	NCLB086015	472,978	7-1-2014	6-30-2015	\$ (137,991)	
Title I, Part A	84.010A	S010A150030	NCLB086016	497,358	7-1-2015	6-30-2016		
Total Title I, Part A							(137,991)	
Title II, Part A Carryover	84.281A	S367A150029	NCLB086015	54,608	7-1-2014	6-30-2015	(9,583)	
Title II, Part A	84.281A	S367A150029	NCLB086016	55,975	7-1-2015	6-30-2016		
Total Title II, Part A							(9,583)	
Title III Carryover	84.365A	S365A150030	NCLB086015	16,683	7-1-2014	6-30-2015	(2,525)	
Title III	84.365A	S365A150030	NCLB086016	14,989	7-1-2015	6-30-2016		
Total Title III							(2,525)	
I.D.E.A. Part B:								
Special Education Cluster:								
Basic Regular Carryover	84.027	H027A150100	FT169015	427,099	7-1-2014	6-30-2015	(96,468)	
Basic Regular	84.027	H027A150100	FT169016	412,107	7-1-2015	6-30-2016		
ARRA	84.391	H027A150100	FT169014	383,354	7-1-2009	8-31-2011	(1,801)	
Preschool Incentive Carryover	84.173	H173A150114	PS169015	21,062	7-1-2014	6-30-2015	(8,658)	
Preschool Incentive	84.173	H173A150114	PS169016	18,022	7-1-2015	6-30-2016		
Total I.D.E.A. Part B Special Education Cluster							(106,927)	
Race to the Top								
Race to the Top - RTT3	84.413A	B413A120008	NGO-12-RT01-A01	28,938	7-1-2012	11-30-2015	(5,345)	
Instructional Improvement System	84.413A	B413A120008	NGO-15-RT05-A01	149,635	7-1-2014	11-30-2015	(13,476)	
Total Race to the Top							(18,821)	
Local Capacity Building Project	84.027A	N/A	N/A	200,000	10-01-2002	9-30-2004	(14,320)	
21st Century Community Learning Centers Program	84.287C	N/A	NGO-15-EK32-H05	250,000	9-1-2015	8-31-2016		
Preschool Expansion Grant	84.419B	S419B150020	17000010	488,318	7-1-2015	6-30-2016		
Total U.S. Department of Education							(290,167)	
Total Special Revenue Fund							(290,167)	
Enterprise Fund:								
U.S. Department of Agriculture Passed-through State Department of Education:								
Child Nutrition Cluster:								
Food Distribution Program	10.555	1616NJ304N1099	N/A	43,678	7-1-2014	6-30-2015		\$ 1,509
Food Distribution Program	10.555	1616NJ304N1099	N/A	54,205	7-1-2015	6-30-2016		
National School Lunch Program	10.555	1616NJ304N1099	N/A	294,801	7-1-2014	6-30-2015	(18,243)	
National School Lunch Program	10.555	1616NJ304N1099	N/A	304,979	7-1-2015	6-30-2016		
National School Lunch Program - HHFKA	10.555	1616NJ304N1099	N/A	8,093	7-1-2014	6-30-2015	(493)	
National School Lunch Program - HHFKA	10.555	1616NJ304N1099	N/A	8,316	7-1-2015	6-30-2016		
Special Milk Program	10.556	1616NJ304N1099	N/A	2,265	7-1-2014	6-30-2015	(118)	
Special Milk Program	10.556	1616NJ304N1099	N/A	247	7-1-2015	6-30-2016		
After School Snack Program	10.555	1616NJ304N1099	N/A	3,206	7-1-2015	6-30-2016		
School Breakfast Program	10.553	1616NJ304N1099	N/A	64,339	7-1-2014	6-30-2015	(4,700)	
School Breakfast Program	10.553	1616NJ304N1099	N/A	148,876	7-1-2015	6-30-2016		
Total Child Nutrition Cluster							(23,554)	1,509
Total Enterprise Fund							(23,554)	1,509
Total Federal Financial Assistance							\$ (313,721)	\$ 1,509

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			Passed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2016		Due to Grantor at June 30, 2016
	Pass-through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	
\$ 84,465	\$ 84,465		\$ 84,465						
84,465	84,465		84,465						
137,991							-		
324,660	445,231		445,231				\$ (120,571)		
462,651	445,231		445,231				(120,571)		
9,583							-		
35,269	47,075		47,075				(11,806)		
44,852	47,075		47,075				(11,806)		
2,525							-		
4,792	9,521		9,521				(4,729)		
7,317	9,521		9,521				(4,729)		
96,468							-		
343,111	392,561		392,561				(49,450)		
8,658							(1,801)		
9,762	18,022		18,022				-		
							(8,260)		
457,999	410,583		410,583				(59,511)		
3,953	3,821		3,821		\$ 5,213				
21,332	7,856		7,856						
25,285	11,677		11,677		5,213				
							(14,320)		
118,884	162,922		162,922				(44,038)		
382,018	398,527		398,527				(16,509)		
1,499,006	1,485,536		1,485,536		5,213		(271,484)		
1,499,006	1,485,536		1,485,536		5,213		(271,484)		
54,205	1,509		1,509					\$ 1,457	
18,243	52,748		52,748						
287,899	304,979		304,979				(17,080)		
493									
7,857	8,316		8,316				(459)		
118									
237	247		247				(10)		
2,979	3,206		3,206				(227)		
4,700									
138,192	148,876		148,876				(10,684)		
514,923	519,881		519,881				(28,460)	1,457	
514,923	519,881		519,881				(28,460)	1,457	
\$ 2,098,394	\$ 2,089,882	\$ -	\$ 2,089,882		\$ 5,213	\$ -	\$ (299,944)	\$ 1,457	\$ -

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2016

						Balance at June 30, 2015	
State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Required Match	Grant Period		Unearned Revenue / Accounts Receivable	Due to Grantor
				From	To		
General Fund:							
New Jersey Department of Education							
Current Expense							
State Aid - Public Cluster							
Equalization Aid	15-495-034-5120-078	\$ 8,683,487		7-1-2014	6-30-2015	\$ (803,702)	
Equalization Aid	16-495-034-5120-078	8,683,487		7-1-2015	6-30-2016		
School Choice	15-495-034-5120-068	96,785		7-1-2014	6-30-2015	(9,679)	
School Choice	16-495-034-5120-068	96,785		7-1-2015	6-30-2016		
Security Aid	15-495-034-5120-084	171,822		7-1-2014	6-30-2015	(17,182)	
Security Aid	16-495-034-5120-084	171,822		7-1-2015	6-30-2016		
Special Education Aid	15-495-034-5120-089	728,613		7-1-2014	6-30-2015	(72,861)	
Special Education Aid	16-495-034-5120-089	728,613		7-1-2015	6-30-2016		
Under Adequacy Aid	15-495-034-5120-083	77,145		7-1-2014	6-30-2015	(7,715)	
Under Adequacy Aid	16-495-034-5120-083	77,145		7-1-2015	6-30-2016		
PARCC Readiness Aid	15-495-034-5120-098	13,055		7-1-2014	6-30-2015	(1,306)	
PARCC Readiness Aid	16-495-034-5120-098	13,055		7-1-2015	6-30-2016		
Per Pupil Growth Aid	15-495-034-5120-097	13,055		7-1-2014	6-30-2015	(1,306)	
Per Pupil Growth Aid	16-495-034-5120-097	13,055		7-1-2015	6-30-2016		
Total State Aid - Public Cluster						(913,751)	-
State Aid - Transportation							
Transportation Aid	15-495-034-5120-014	60,696		7-1-2014	6-30-2015	(6,070)	
Transportation Aid	16-495-034-5120-014	60,696		7-1-2015	6-30-2016		
Nonpub lc Transportation Aid	15-495-034-5120-014	14,483		7-1-2014	6-30-2015	(14,483)	
Nonpub lc Transportation Aid	15-495-034-5120-014	10,048		7-1-2015	6-30-2016		
Total State Aid - Transportation						(20,553)	-
Extraordinary Special Education Aid Costs							
Extraordinary Special Education Aid Costs	15-100-034-5120-473	66,044		7-1-2014	6-30-2015	(66,044)	
Extraordinary Special Education Aid Costs	16-100-034-5120-473	93,064		7-1-2015	6-30-2016		
Total Extraordinary Aid						(66,044)	-
Reimbursed T.P.A.F. Social Security							
Reimbursed T.P.A.F. Social Security	15-495-034-5095-002	619,810		7-1-2014	6-30-2015	(91,293)	
Reimbursed T.P.A.F. Social Security	16-495-034-5095-002	623,203		7-1-2015	6-30-2016		
Total Reimbursed T.P.A.F. Social Security						(91,293)	-
Total General Fund						(1,091,641)	-
Special Revenue Fund:							
New Jersey Department of Education							
Nonpublic Aid							
Nursing Services	16-100-034-5120-373	20,160		7-1-2015	6-30-2016		
Textbook Aid (Ch. 194)	15-100-034-5120-064	13,942		7-1-2014	6-30-2015		\$ 271
Textbook Aid (Ch. 194)	16-100-034-5120-064	12,790		7-1-2015	6-30-2016		
Technology Initiative Aid	15-400-034-5120-373	7,488		7-1-2014	6-30-2015		2
Technology Initiative Aid	16-400-034-5120-373	5,824		7-1-2015	6-30-2016		
Auxiliary Services (Ch. 192)							
Compensatory Education	15-100-034-5120-067	86,087		7-1-2014	6-30-2015		1,703
English as a Second Language	15-100-034-5120-067	4,568		7-1-2014	6-30-2015		1,188
Transportation	15-100-034-5120-067	15,665		7-1-2014	6-30-2015		1,087
Auxiliary Services (Ch. 192)							
Compensatory Education	16-100-034-5120-067	78,681		7-1-2015	6-30-2016		
English as a Second Language	16-100-034-5120-067	3,451		7-1-2015	6-30-2016		
Transportation	16-100-034-5120-067	10,842		7-1-2015	6-30-2016		
Handicapped Services (Ch. 193)							
Supplemental Instruction	15-100-034-5120-068	18,283		7-1-2014	6-30-2015		1,647
Corrective Speech	15-100-034-5120-068	68,913		7-1-2014	6-30-2015		28,272
Examination and Classification	15-100-034-5120-068	41,420		7-1-2014	6-30-2015		2,342
Handicapped Services (Ch. 193)							
Supplemental Instruction	16-100-034-5120-068	16,931		7-1-2015	6-30-2016		
Corrective Speech	16-100-034-5120-068	45,148		7-1-2015	6-30-2016		
Examination and Classification	16-100-034-5120-068	21,312		7-1-2015	6-30-2016		
Security Aid	16-100-034-5120-509	5,600		7-1-2015	6-30-2016		
Home Instruction	N/A	7,608		7-1-2015	6-30-2016		
Total Nonpublic Aid							36,512
Preschool Education Aid							
Preschool Education Aid	15-495-034-5120-086	299,130	\$ 80,720	7-1-2014	6-30-2015	(16,853)	
Preschool Education Aid	16-495-034-5120-086	322,140	85,712	7-1-2015	6-30-2016		
Total Preschool Education Aid						(16,853)	
Subtotal Special Revenue Fund - State Department of Education						(16,853)	36,512
State Department of Human Services							
School Based Youth Service Program	14CTHP	228,704		7-1-2013	6-30-2014		1,115
School Based Youth Service Program	15CTHP	236,396		7-1-2014	6-30-2015		1,459
School Based Youth Service Program	16CTHP	236,396		7-1-2015	6-30-2016		
Family Friendly	14CTHP	45,463		7-1-2013	6-30-2014		3,645
Family Friendly	15CTHP	45,463		7-1-2014	6-30-2015		4,032
Family Friendly	16CTHP	45,463		7-1-2015	6-30-2016		
Subtotal Special Revenue Fund - State Department of Human Services						-	10,251
Total Special Revenue Fund						(16,853)	46,763
Enterprise Fund:							
New Jersey Department of Agriculture							
Child Nutrition Cluster							
National School Lunch Program (State Share)	15-100-010-3360-067	6,843		7-1-2014	6-30-2015	(418)	
National School Lunch Program (State Share)	16-100-010-3360-067	7,191		7-1-2015	6-30-2016		
Total Enterprise Fund						(418)	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit						\$ (1,108,912)	\$ 46,763
Total State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit							
General Fund (Non-Cash Assistance)							
New Jersey Department of the Treasury							
On-behalf T.P.A.F. Pension Contributions - Normal Cost	495-034-5094-002	615,535		7-1-2015	6-30-2016		
On-behalf T.P.A.F. Pension Contributions - Non-Contributory Insurance	495-034-5094-004	30,662		7-1-2015	6-30-2016		
On-behalf T.P.A.F. Pension Contributions - Post Retirement Medical	495-034-5094-001	769,443		7-1-2015	6-30-2016		
Total General Fund (Non-Cash Assistance)						-	-
Total State Financial Assistance						\$ (1,108,912)	\$ 46,763

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

BOROUGH OF CLAYTON SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Clayton 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. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 enterprise 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 these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on 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 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 revenues from the budgetary basis to the GAAP basis is \$14,593 for the general fund and \$562 for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$1,739 for the special revenue fund. 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	\$ 84,465	\$ 10,570,973	\$ 10,655,438
Special Revenue	1,489,710	790,714	2,280,424
Food Service	519,881	7,191	527,072
Total Awards and Financial Assistance	\$ <u>2,094,056</u>	\$ <u>11,368,878</u>	\$ <u>13,462,934</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

Amounts reported in the column entitled "adjustments" represent rounding adjustments and grant balance cancellations.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2016 the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance and post-retirement medical costs related to TPAF members.

Note 7: MAJOR PROGRAMS

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

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 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553</u>	<u>16161NJ304N1099</u>	<u>Child Nutrition Cluster:</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>National School Lunch Program - HHFKA</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>After School Snack</u>
<u>10.556</u>	<u>16161NJ304N1099</u>	<u>Special Milk Program</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>Food Distribution Program</u>

Dollar threshold used to determine Type A programs \$ 750,000

Auditee qualified as low-risk auditee? x yes no

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2016

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 New Jersey Circular 15-08-OMB? _____ yes x no

Identification of major programs:

GMIS Number(s)

495-034-5120-078

495-034-5120-089

495-034-5120-084

495-034-5120-068

495-034-5095-083

495-034-5120-098

495-034-5120-097

Name of State Program

State Aid Public:

Equalization Aid

Special Education

Security Aid

School Choice

Under Adequacy Aid

PARCC Readiness Aid

Per Pupil Growth Aid

Dollar threshold used to determine Type A programs \$ 750,000

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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.

No current year findings.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

No current year findings.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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 State of New Jersey Circular 15-08-OMB.

No current year findings

BOROUGH OF CLAYTON 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*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

No prior year findings.

FEDERAL AWARDS

Finding No. 2015-001

Program

National School Lunch Program (CFDA 10.555), Food Distribution Program (CFDA 10.555), School Breakfast Program (10.553).

Condition

Net cash resources exceeded three months average expenditures.

Current Status

This condition has been corrected for the year ended June 30, 2016.

STATE FINANCIAL ASSISTANCE PROGRAMS

No prior year findings.

