

**CLINTON TOWNSHIP
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For The Fiscal Year Ended
June 30, 2016**

**Prepared by
Clinton Township
Department of Administration**

**CLINTON TOWNSHIP
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Introduction	
Letter of Transmittal	1 - 3
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6
 Financial	
Independent Auditors' Report	7 - 9
 Required Supplementary Information - Part I	
Management's Discussion and Analysis	10 - 19
 Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	20
A-2 Statement of Activities	21
 B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	22 - 23
B-2 Statement of Revenues, Expenditures, and Change in Fund Balances	24 - 25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26 - 27
Proprietary Funds	
B-4 Statement of Fund Net Position	28
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds	
B-7 Statement of Fiduciary Net Position	31
B-8 Statement of Changes in Fiduciary Net Position	32
 Notes to the Financial Statements	34 - 67

**CLINTON TOWNSHIP
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS (continued)

	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	68 - 75
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	76
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	77 - 78
Required Supplementary Information - Part III	
L-1 Schedule of District's Proportionate Share of the Net Pension Liability - TPAF	79
L-2 Schedule of Pension Contribution - TPAF	80
L-3 Schedule of District's Proportionate Share of the Net Position Liability - PERS	81
L-4 Schedule of Pension Contribution - PERS	82
Notes of the Required Supplementary Information - Part III	83
Other Supplemental Information	
D. School Based Budget Schedules	N/A
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenue and Expenditures - Budgetary Basis	84
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	85
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	86
F-2a to F-2f Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	87 - 92

**CLINTON TOWNSHIP
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS (continued)

	<u>Page</u>
G. Proprietary Funds	
Enterprise Fund	
G-1 Statement of Fund Net Position	93
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position	94
G-3 Statement of Cash Flows	95
H. Fiduciary Funds	
H-1 Combining Schedule of Fiduciary Fund Net Position	96
H-2 Schedule of Changes in Fiduciary Net Position	97
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	98
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	99
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	100 - 101
I-2 Schedule of Obligations under Capital Leases	102
I-3 Debit Service Fund Budgetary Comparison Schedule	103
J. Statistical Section	
J Table of Contents	104
J-1 Net Position by Component	105
J-2 Changes in Net Position	106 – 108
J-3 Fund Balances - Governmental Funds	109
J-4 Changes in Fund Balances - Governmental Funds	110 - 111
J-5 General Fund - Other Local Revenues by Source	112
J-6 Assessed Value and Actual Value of Taxable Property	113
J-7 Direct and Overlapping Property Tax Rates	114
J-8 Principal Property Taxpayers	115
J-9 Property Tax Levies and Collections	116
J-10 Ratios of Outstanding Debt by Type	117
J-11 Ratios of General Bonded Debt Outstanding	118
J-12 Direct and Overlapping Governmental Activities Debt	119
J-13 Legal Debt Margin Information	120
J-14 Demographic and Economic Statistics	121
J-15 Principal Employers	122
J-16 Full Time Equivalent District Employees by Function/Program	123
J-17 Operating Statistics	124
J-18 School Building Information	125
J-19 Schedule of Required Maintenance Expenditures by School Facility	126
J-20 Insurance Schedule	127

**CLINTON TOWNSHIP
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS (continued)

	<u>Page</u>
K. Single Audit Section	
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	128 - 129
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08.	130 - 132
K-3 Schedule of Expenditures of Federal Awards - Schedule A	133
K-4 Schedule of Expenditures of State Financial Assistance - Schedule B	134 - 135
K-5 Notes to the Schedules of Awards and Financial Assistance	136 - 137
K-6 Schedule of Findings and Questioned Costs	138 - 140
K-7 Summary Schedule of Prior Audit Findings	141

Clinton Township Board of Education



Dr. Gina Villani
Superintendent of Schools

Anthony Juskiewicz
School Business Administrator/Board Secretary

November 18, 2016

Honorable President and
Members of the Board of Education
Clinton Township School District
County of Hunterdon, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Clinton Township School District for the fiscal year ending June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1.) **REPORTING ENTITY AND ITS SERVICES:** Clinton Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Clinton Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 8. These include general and special education programs to support the needs of all students. The District completed the 2015-2016 fiscal year with an enrollment of 1,414 students. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	1,402.0	(3.33%)
2014-15	1,450.2	(6.00%)
2013-14	1,542.7	(5.03%)
2012-13	1,624.5	3.77%
2011-12	1,565.5	(6.68%)
2010-11	1,677.6	(2.39%)
2009-10	1,718.6	(1.83%)
2008-09	1,750.6	(0.18%)
2007-08	1,753.7	(0.74%)
2006-07	1,766.8	(2.05%)
2005-06	1,803.8	2.20%
2004-05	1,765.0	(0.45%)
2003-04	1,773.0	(1.02%)

2.) **ECONOMIC CONDITION AND OUTLOOK:** Nationwide the economy continues to struggle, so Clinton Township is not alone. Township residents include some financially struggling families and birth rates continue to decline. Although the School Choice Program has served to support the budget and helped to maintain a relatively consistent enrollment, this is not expected to continue at the same rate. In fact, the District experienced lower enrollment numbers again this year. A school closure is being considered for the future. A demographic study was conducted in the 2014-15 school year. The regional high school district is in the process of completing a demographic study which will yield additional projections for the district through 2022-2023.

3.) **MAJOR INITIATIVES:** The 2015-2016 school year focused on the district's progress towards the educational needs of the 21st century learner through professional development for staff and alignment of curriculum across all grade levels. Cross-curricular lessons and integration of technology were planned and implemented in order to accomplish this goal. Teacher and principal evaluation focus has been on the use of the online Teachscape system. Technology initiatives including the continued use of GoogleDocs and the purchase of Chromebooks for students supports PARCC online assessments.

Student achievement was framed by the continued use of Professional Learning Communities with a focus on the use of the Renaissance Program to assess students and interpret data. OnCourse was implemented to begin to catalog curriculum to make it more easily accessible and useful for staff members.

4.) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related

to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5.) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as appropriations of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance as of June 30, 2016.

6.) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

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


8.) **OTHER INFORMATION:**

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bedard, Kurowicki & Co., CPA's, PC, was selected by the Board of Education. In addition to meeting the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, the auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.


9.) **ACKNOWLEDGMENTS:**

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

Respectfully submitted,

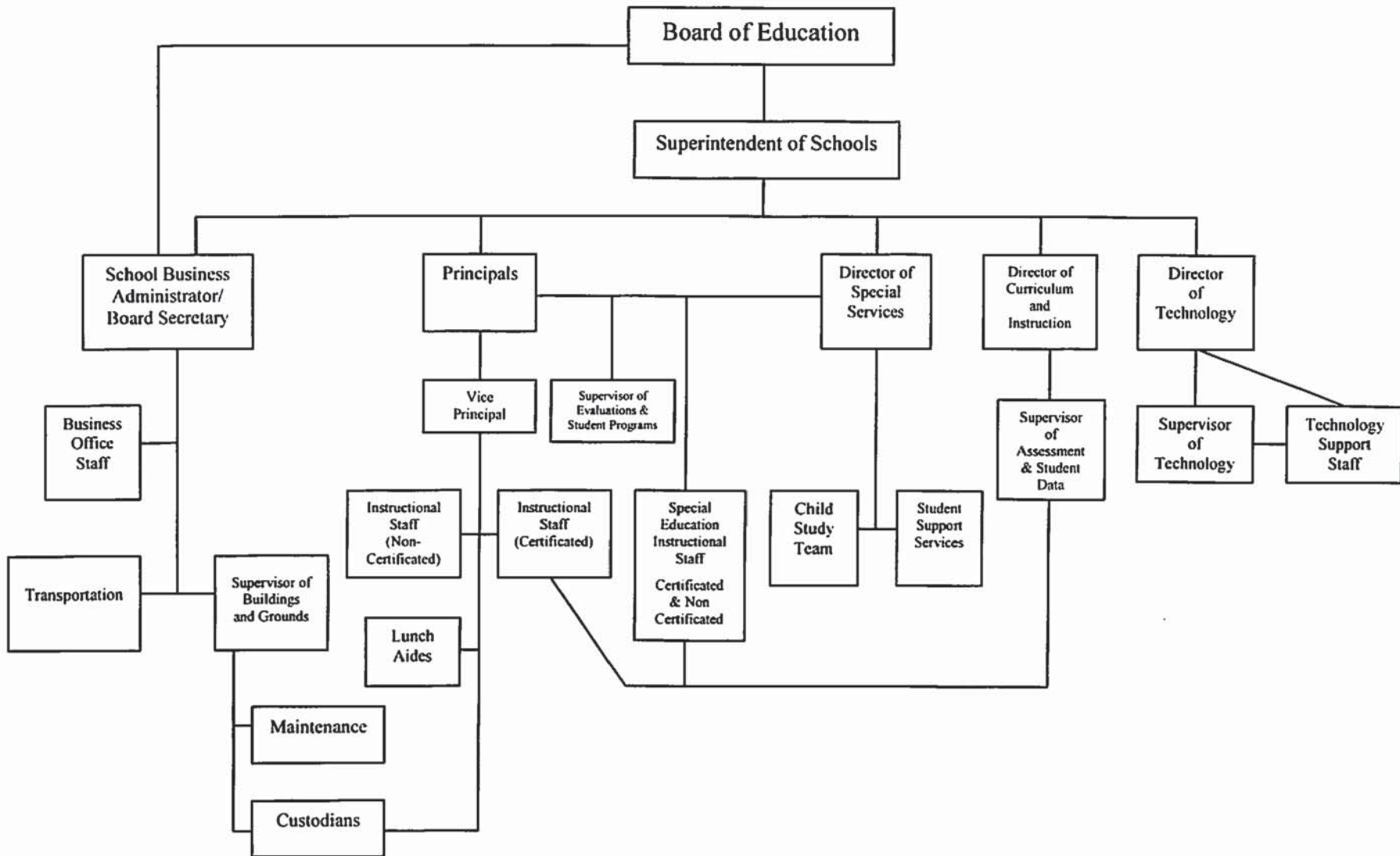


Dr. Gina Villani
Superintendent of Schools



Anthony Juskiewicz
Board Secretary/Business Administrator

**ORGANIZATION CHART
CLINTON TOWNSHIP SCHOOL DISTRICT**



CLINTON TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

June 30, 2016

<u>Name</u>	<u>Term Expires</u>
Maria Grant, President	2017
Rachel McLaughlin, Vice-President	2018
Maria McHuugh	2017
Gina Hand	2016
Alissa Olawski	2018
Yehara Raddalgoda	2018
John Patuto	2016
Kevin Sturges	2016
Susan Vanderof	2017

Other Officials

Dr. Drucilla Clark, Superintendent of Schools

Anthony Juskiewicz, School Business Administrator/Board Secretary

Porzio, Bromberg and Newman, Attorney

CLINTON TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

JUNE 30, 2016

Audit Firm: Bedard, Kurowicki & Co.
114 Broad Street
Flemington, NJ 08822

Architect: Parette Somjen Architects
439 Route 46 East
Rockaway, NJ 07866

Attorney: Porzio, Bromberg and Newman
163 Madison Avenue
Morristown, NJ 07962

Official Depository: Investors Bank
101 JFK Parkway
Short Hills, NJ 07078



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Clinton Township School District
County of Hunterdon, New Jersey

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 Clinton Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Clinton Township School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information, Schedule of the District's Proportionate Share of Net Pension Liability, and Schedule of the District's Pension 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 District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of 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 combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2016 on our consideration of the 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 District's internal control over financial reporting and compliance.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

November 18, 2016
Flemington, New Jersey

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

The discussion and analysis of Clinton Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statement and financial statement to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position increased \$1,105,341, which represents a 5.28 percent increase from fiscal year 2015.
- General revenues accounted for \$35,405,610 in revenue or 95.20 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,783,838 or 4.80 percent to total revenues of \$37,189,448.
- Total assets of governmental activities increased by \$294,332 as cash and cash equivalents increased by \$2,057,319; receivables decreased by \$1,671,471 and capital assets decreased by \$91,516.
- The School District had \$35,990,926 in expenses; only \$1,783,838 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$35,405,610 were adequate to provide for these programs.
- Among major funds, the General Fund had \$29,278,738 in revenues and \$28,822,673 in expenditures. After considering net other financing sources of \$403,049, the General Fund's balance increased by \$859,114 from fiscal year 2015. This increase was anticipated by the Board of Education. It is a result of effective cost-cutting measures implemented by the District.

Using this Generally Accepted Accounting Principles Report (GAAP)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Clinton Township School District, the General Fund is by far the most significant fund.

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during fiscal year 2016?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all the current year’s revenues and expenses regardless of when cash is received or paid.

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

The Statement of Net Position and the Statement of Activities reports information on two distinct kinds of activities:

- Governmental Activities – All of the School District’s major programs and services are reported here including, but not limited to, instruction, co-curricular activities, support services, operation and maintenance of plant facilities, and pupil transportation.
- Business-Type Activities – The District’s Food Service Enterprise Fund is reported here. Charges for goods and services offset the expense of the goods and services provided.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. In addition to the governmental funds, the district also utilizes proprietary and fiduciary funds.

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Governmental Funds

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

Proprietary Funds

Proprietary funds use the accrual basis of accounting, which is the same method utilized on the government-wide statements. The District's Food Service Enterprise Fund was initiated in fiscal year 2012 and is the only proprietary fund of the District. The information provided on the enterprise fund and proprietary fund statements are essentially the same as on the business-type activities portion of the government-wide statements.

Fiduciary Funds

Fiduciary funds report activities where the District acts as a trustee for other third parties. The District's fiduciary funds are the Unemployment Compensation Fund, the Student Activity Agency Fund, and the Payroll Agency Fund. We exclude these activities from the District's government-wide statements because the District cannot use these assets to finance its operations.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Total net position on a government-wide basis increased \$1,105,341. Unrestricted net position; the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the School District, increased by \$1,508,221.

The increase in unrestricted net position can mostly be attributed to the effective cost-cutting measures implemented by the District. The negative balance in unrestricted net position is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Table 1 provides a summary of the District's net position at 6/30/16 with comparisons to 6/30/15.

Table 1
Net Position

	6/30/16	6/30/15	Variance	
			Dollars	%
Assets:				
Current & Other Assets	\$ 5,475,371	\$ 5,086,821	\$ 388,550	7.64
Capital Assets	52,995,917	53,088,922	(93,005)	(0.18)
Total Assets	58,471,288	58,175,743	295,545	0.51
Deferred Outflow of Resources:				
Deferred Pension Activity	1,431,291	654,913	776,378	118.55
Refunding bond issue activity	121,357		121,357	*
Total Deferred Outflow of Resources	1,552,648	654,913	897,735	137.08
Liabilities:				
Long-Term Liabilities	36,751,231	36,542,805	208,426	0.57
Other Liabilities	924,009	967,557	(43,548)	(4.50)
Total Liabilities	37,675,240	37,510,362	164,878	0.44
Deferred Inflow of Resources:				
Deferred Pension Activity	320,027	396,966	(76,939)	(19.38)
Total Deferred Inflow of Resources	320,027	396,966	(76,939)	(19.38)
Net Position:				
Net Investment in Capital Assets	25,475,184	25,008,890	466,294	1.86
Restricted	1,604,605	2,473,779	(869,174)	(35.14)
Unrestricted	(5,051,120)	(6,559,341)	1,508,221	22.99
Total Net Position	\$ 22,028,669	\$ 20,923,328	\$ 1,105,341	5.28

* = Undefined

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Table 2 provides a summary of the District's changes in net position in fiscal year ending 6/30/16 with comparisons to 6/30/15.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	6/30/16	6/30/15	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 1,164,989	\$ 923,668	\$ 241,321	26.13
Operating Grants	700,497	876,705	(176,208)	(20.10)
Capital Grants	(81,648)	444,426	(526,074)	(118.37)
General Revenues:				
Property Taxes	25,079,760	24,693,866	385,894	1.56
Unrestricted Grants	10,066,633	8,822,963	1,243,670	14.10
Other	259,217	165,399	93,818	56.72
Total Revenues	<u>37,189,448</u>	<u>35,927,027</u>	<u>1,262,421</u>	3.51
Program Expenses				
Instruction:				
Regular	12,405,176	11,982,686	422,490	3.53
Special	5,046,886	4,767,628	279,258	5.86
Other	1,353,653	1,307,691	45,962	3.51
Support Services:				
Tuition	467,098	664,972	(197,874)	(29.76)
Student & Instructional Staff	6,845,608	6,322,668	522,940	8.27
General & Business Administration	1,579,339	1,282,779	296,560	23.12
School Administration	1,630,779	1,694,187	(63,408)	(3.74)
Maintenance	3,288,189	2,660,530	627,659	23.59
Transportation	1,653,698	1,600,577	53,121	3.32
Food Service	462,129	421,896	40,233	9.54
Special Schools	112,316	99,612	12,704	12.75
Interest on Long-Term Debt	1,146,055	1,325,265	(179,210)	(13.52)
Total Expenses	<u>35,990,926</u>	<u>34,130,491</u>	<u>1,860,435</u>	5.45
Increases (Decreases) Before Special Items	<u>1,198,522</u>	<u>1,796,536</u>	<u>(598,014)</u>	(33.29)
Transfers & Special Items:				
Transfers	(60,000)	(50,000)	(10,000)	20.00
Gain (Loss) on Disposal of Assets	(33,181)	250	(33,431)	(13,372)
Total Transfers & Special Items	<u>(93,181)</u>	<u>(49,750)</u>	<u>(43,431)</u>	87.30
Increase (Decrease) in Net Position	<u>\$ 1,105,341</u>	<u>\$ 1,746,786</u>	<u>\$ (641,445)</u>	(36.72)

* = Undefined

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Governmental Activities

Property taxes made up 68.3 percent of revenues for governmental activities for the Clinton Township School District for fiscal year 2016.

Instruction comprised 52.9 percent of district expenses. Support services expenses made up 43.5 percent of the expenses and other expenses comprised 3.6 percent of total expenses.

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

Business-Type Activities

The business-type activity of the District is the Food Service Fund. The following is a summary of the fiscal year 2016 results of operations:

- Food Service revenues and other financing sources were less than expenses and other financing uses by \$4,284. The decrease was mostly due to increased costs needed to improve the food service operation.
- Charges for services from amounts paid for daily food services were \$373,016 and total operating expenses were \$462,129.
- Federal and state reimbursements for meals, including payments for free and reduced lunches served and donated government commodities were \$84,583.

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/16 with comparisons to 6/30/15.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/16	6/30/15	6/30/16	6/30/15
Instruction	\$ 18,805,715	\$ 18,058,005	\$ 17,687,478	\$ 17,065,725
Support Services:				
Tuition	467,098	664,972	467,098	309,736
Student & Instructional Staff	6,845,608	6,322,668	6,735,366	6,012,023
General & Business				
Administration	1,579,339	1,282,779	1,584,653	1,259,262
School Administration	1,630,779	1,694,187	1,635,116	1,667,299
Plant Operations &				
Maintenance	3,288,189	2,660,530	3,241,687	2,581,076
Pupil Transportation	1,653,698	1,600,577	1,594,079	1,567,890
Special Schools	112,316	99,612	111,026	98,137
Interest on Long-Term Debt	1,146,055	1,325,265	1,146,055	1,325,265
Total Expenses	\$ 35,528,797	\$ 33,708,595	\$ 34,202,558	31,886,413

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

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

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

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involved the transactions associated with the payment of interest and other related charges to debt of the School District.

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

The dependence upon tax revenues is apparent. For all activities, tax revenue support is 67.4 percent. The community, as a whole, is the primary support of the Clinton Township School District.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$31,974,022 and expenditures of \$31,813,629. The net positive change in fund balance for the year was most significant in the General Fund, an increase of \$859,114. The Clinton Township School District continues to be challenged by budgetary restrictions, economic forecasts and unfunded mandates in the State of New Jersey. The school district has been successful maintaining a stable tax levy due in large part to extraordinary aid and School Choice revenue. Although the School Choice Program has served to support our budget and helped to maintain a relatively consistent enrollment, this is not expected to continue at the same rate.

General Fund Budgeting Highlights

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

During the course of fiscal year 2016, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources (excluding on-behalf TPAF Pension and Social Security) was \$26,392,530 which was \$89,226 above final budgeted estimates of \$26,303,304. This difference was due primarily to tuition realized in excess of budget amount of \$153,964.

General fund revenues and other financing sources were greater than expenditures and other financing uses by \$858,992.

Capital Assets

At the end of the fiscal year 2016, the School District had \$52,995,917 invested in land, construction in progress, buildings, furniture and equipment, and vehicles.

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/16 with comparisons to 6/30/15.

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	6/30/16	6/30/15	Variance	
			Dollars	%
Land	\$ 4,996,634	\$ 4,996,634	\$ -	0.00
Land Improvements	177,711	219,530	(41,819)	(19.05)
Buildings & Improvements	45,943,231	46,113,573	(170,342)	(0.37)
Machinery & Equipment	669,790	674,384	(4,594)	(0.68)
Vehicles	51,034	20,685	30,349	146.72
Construction in Progress	1,157,517	1,064,116	93,401	8.78
Total	<u>\$ 52,995,917</u>	<u>\$ 53,088,922</u>	<u>\$ (93,005)</u>	<u>(0.18)</u>

Depreciation and asset disposals exceeded asset additions for the fiscal year by \$93,005. The District completed several facility projects in fiscal year 2016 which included security upgrades for new vestibules and exterior door improvements at three schools and a fire alarm upgrade at one school. The District started or continued projects for district-wide technology infrastructure upgrades, waste water treatment plant improvements and a building improvement project for brick repointing and caulking of windows and expansion joints.

Debt Administration

At June 30, 2016, the School District had \$36,751,231 in long-term liabilities. The School District's overall debt limit was \$66,545,021 and the legal debt margin was \$39,140,021.

Table 5 provides a summary of the School District's outstanding debt at 6/30/16 with comparisons to 6/30/15

Table 5
Long-Term Liabilities at Year-end

	6/30/16	6/30/15	Variance	
			Dollars	%
2015 Refunding Bonds for '06 Issue	\$ 8,560,000	\$ -	\$ 8,560,000	*
2012 Refunding Bonds for '03 Issue	10,340,000	10,370,000	(30,000)	(0.29)
2011 Refunding Bonds for '03 Issue	8,505,000	9,395,000	(890,000)	(9.47)
2006 Refunding Bonds for '03 Issue	-	8,705,000	(8,705,000)	(100.00)
Net Pension Liability	7,709,376	6,661,109	1,048,267	15.74
Unamortized Bond Premiums	862,559	713,572	148,987	20.88
Capital Leases Payable	115,733		115,733	*
Compensated Absences Payable	658,563	698,124	(39,561)	(5.67)
	<u>\$ 36,751,231</u>	<u>\$ 36,542,805</u>	<u>\$ 208,426</u>	<u>0.57</u>

* = Undefined

CLINTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

For the Future

The Clinton Township School District continues to be challenged by budgetary restrictions, economic forecasts and unfunded mandates in the State of New Jersey. However, included in the 2016-2017 budget the school district has been successful in improving instruction, reinstating critical programs, and completing a variety of important capital projects due in large part to extraordinary aid and School Choice revenue. New State initiatives such as teacher and principal evaluation systems will strain budgets and resources even further as we move forward.

Clinton Township is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to bare the tax burden.

The Administration and Board of Education continue to work diligently to offer our students a strong educational experience while ensuring their health and safety in clean, well-maintained educational facilities.

In conclusion, the Clinton Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Anthony Juskiewicz, School Business Administrator/Board Secretary or email at ajuskiewicz@ctsd.k12.nj.us.

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,248,253	\$ 7,081	\$ 3,255,334
Internal balances	(213)	213	-
Receivables, net	484,392	9,262	493,654
Inventory	-	9,717	9,717
Restricted assets			
Cash and cash equivalents	1,716,666	-	1,716,666
Capital assets, net (Note 4)			
Land	4,996,634	-	4,996,634
Other capital assets, net of depreciation	47,987,291	11,992	47,999,283
Total assets	<u>58,433,023</u>	<u>38,265</u>	<u>58,471,288</u>
Deferred outflows of resources			
Deferred amount on pension activity	1,431,291	-	1,431,291
Deferred amount on refunding bond issue	121,357	-	121,357
Total deferred outflows of resources	<u>1,552,648</u>	<u>-</u>	<u>1,552,648</u>
Liabilities			
Accounts payable	13,148	-	13,148
Payable to other governments - State	111,596	-	111,596
Accrued interest	512,501	-	512,501
Unearned revenue	71,149	15,615	86,764
Insurance adjustments	200,000	-	200,000
Long-term liabilities (Note 5)			
Due within one year	1,195,377	-	1,195,377
Due beyond one year	35,555,854	-	35,555,854
Total liabilities	<u>37,659,625</u>	<u>15,615</u>	<u>37,675,240</u>
Deferred inflows of resources			
Deferred amount on pension liability	320,027	-	320,027
Net position			
Net investment in capital assets	25,463,192	11,992	25,475,184
Restricted for			
Capital projects fund	74,155	-	74,155
Debt service fund	393,163	-	393,163
Capital reserve	839,287	-	839,287
Maintenance reserve	298,000	-	298,000
Unrestricted	(5,061,778)	10,658	(5,051,120)
Total net position	<u>\$ 22,006,019</u>	<u>\$ 22,650</u>	<u>\$ 22,028,669</u>

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 6,685,222	\$ 5,719,954	\$ 422,951	\$ 126,169	\$ (34,594)	\$ (11,890,650)	\$ -	\$ (11,890,650)
Special education	2,801,242	2,245,644	257,962	335,648	(14,080)	(4,467,356)	-	(4,467,356)
Other special instruction	627,081	610,367	-	27,806	(3,246)	(1,212,888)	-	(1,212,888)
Other instruction	73,169	43,036	-	-	(379)	(116,584)	-	(116,584)
Support services								
Tuition	467,098	-	-	-	-	(467,098)	-	(467,098)
Students & instruction related services	3,752,451	3,093,157	3,357	126,291	(19,406)	(6,735,366)	-	(6,735,366)
General & business administration services	1,026,442	552,897	-	-	(5,314)	(1,584,653)	-	(1,584,653)
School administration services	837,796	792,983	-	-	(4,337)	(1,635,116)	-	(1,635,116)
Plant operations & maintenance	2,612,776	675,413	46,502	-	-	(3,241,687)	-	(3,241,687)
Pupil transportation	1,638,328	15,370	59,619	-	-	(1,594,079)	-	(1,594,079)
Special schools	57,962	54,354	1,582	-	(292)	(111,026)	-	(111,026)
Interest on long-term debt	1,146,055	-	-	-	-	(1,146,055)	-	(1,146,055)
Total governmental activities	<u>21,725,622</u>	<u>13,803,175</u>	<u>791,973</u>	<u>615,914</u>	<u>(81,648)</u>	<u>(34,202,558)</u>	<u>-</u>	<u>(34,202,558)</u>
Business-type activities								
Food service	462,129	-	373,016	84,583	-	-	(4,530)	(4,530)
Total business-type activities	<u>462,129</u>	<u>-</u>	<u>373,016</u>	<u>84,583</u>	<u>-</u>	<u>-</u>	<u>(4,530)</u>	<u>(4,530)</u>
Total primary government	<u>\$ 22,187,751</u>	<u>\$ 13,803,175</u>	<u>\$ 1,164,989</u>	<u>\$ 700,497</u>	<u>\$ (81,648)</u>	<u>(34,202,558)</u>	<u>(4,530)</u>	<u>(34,207,088)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						22,918,742	-	22,918,742
Property taxes levied for debt service						2,161,018	-	2,161,018
Federal & State aid not restricted						10,066,633	-	10,066,633
Investment earnings						24,697	246	24,943
Miscellaneous income						234,274	-	234,274
Transfers						(60,000)	-	(60,000)
Special item - gain (loss) on disposal of assets						(33,181)	-	(33,181)
Total general revenues & special items						<u>35,312,183</u>	<u>246</u>	<u>35,312,429</u>
Change in net position						1,109,625	(4,284)	1,105,341
Net position - beginning						20,896,394	26,934	20,923,328
Net position - ending						<u>\$ 22,006,019</u>	<u>\$ 22,650</u>	<u>\$ 22,028,669</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

CLINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 3,101,009	\$147,244	\$ -	\$ -	\$ 3,248,253
Due from other funds	128,267	-	-	391,722	519,989
Receivables from other governments					
State	404,203	-	-	-	404,203
Local	29,607	33,426	-	-	63,033
Other accounts receivable	950	-	-	-	950
Restricted cash & equivalents	1,137,287	-	577,938	1,441	1,716,666
Total assets	\$ 4,801,323	\$180,670	\$ 577,938	\$ 393,163	\$ 5,953,094
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 213	\$ -	\$ 503,783	\$ -	\$ 503,996
Payables to other governments					
State	-	111,596	-	-	111,596
Accounts payable	13,148	-	-	-	13,148
Unearned revenue	2,075	69,074	-	-	71,149
Insurance adjustments	200,000	-	-	-	200,000
Total liabilities	215,436	180,670	503,783	-	899,889

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet (continued)
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 190,892	\$ -	\$ -	\$ -	\$ 190,892
Capital project fund balance	-	-	74,155	-	74,155
Committed fund balance					
Capital reserve account	839,287	-	-	-	839,287
Maintenance reserve account	298,000	-	-	-	298,000
Assigned fund balance					
Year-end encumbrances	2,865,632	-	-	-	2,865,632
Designated for subsequent year's expenditures	91,023	-	-	1,440	92,463
Debt service fund balance	-	-	-	391,723	391,723
Unassigned fund balance	301,053	-	-	-	301,053
Total fund balances	<u>4,585,887</u>	<u>-</u>	<u>74,155</u>	<u>393,163</u>	<u>5,053,205</u>
 Total liabilities and fund balances	 <u>\$ 4,801,323</u>	 <u>\$180,670</u>	 <u>\$ 577,938</u>	 <u>\$ 393,163</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$73,527,267 and the accumulated depreciation is \$20,543,342.	52,983,925
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds	1,232,621
Long-term liabilities, including bonds payable are not due & payable in the current period & therefore are not reported as liabilities in the funds	(36,751,231)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	<u>(512,501)</u>
 Total net position of governmental activities	 <u><u>\$ 22,006,019</u></u>

See accompanying notes to financial statements.

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 22,918,742	\$ -	\$ -	\$ 2,161,018	\$ 25,079,760
Tuition - individuals	55,819	-	-	-	55,819
Tuition - other LEAs within state	542,211	-	-	-	542,211
Transportation - other LEAs within state	23,904	-	-	-	23,904
Interest on investments	24,697	-	-	-	24,697
Miscellaneous	177,111	23,613	-	-	200,724
Total	23,742,484	23,613	-	2,161,018	25,927,115
State sources	5,536,254	141,800	(81,648)	-	5,596,406
Federal sources	-	450,501	-	-	450,501
Total revenues	29,278,738	615,914	(81,648)	2,161,018	31,974,022
Expenditures					
Current					
Instructional					
Regular instruction	6,557,053	126,169	-	-	6,683,222
Special education instruction	2,384,493	335,648	-	-	2,720,141
Other special instruction	608,461	18,620	-	-	627,081
Other instruction	73,169	-	-	-	73,169
Support service & undistributed costs					
Tuition	467,098	-	-	-	467,098
Student & instruction related services	3,622,803	126,291	-	-	3,749,094
General & business administrative services	914,259	-	112,369	-	1,026,628
School administrative services	837,796	-	-	-	837,796
Plant operations & maintenance	2,566,089	-	-	-	2,566,089
Pupil transportation	1,600,622	-	-	-	1,600,622
Unallocated benefits	7,690,169	9,186	-	-	7,699,355

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (continued)					
Capital outlay	\$ 1,296,005	\$ -	\$ 103,095	\$ -	\$ 1,399,100
Special schools	56,380	-	-	-	56,380
Debt service					
Principal	59,267	-	-	1,060,000	1,119,267
Interest & other charges	89,009	-	-	1,099,578	1,188,587
Total expenditures	<u>28,822,673</u>	<u>615,914</u>	<u>215,464</u>	<u>2,159,578</u>	<u>31,813,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>456,065</u>	<u>-</u>	<u>(297,112)</u>	<u>1,440</u>	<u>160,393</u>
Other financing sources (uses)					
Transfers in	288,049	-	-	391,723	679,772
Transfers out	(60,000)	-	(679,772)	-	(739,772)
Capital leases (non-budgeted)	175,000	-	-	-	175,000
Proceeds of refunding bond issue	-	-	8,680,000	-	8,680,000
Premium on refunding bond issue	-	-	305,937	-	305,937
Payment to refunding bond agent	-	-	(8,873,568)	-	(8,873,568)
Total other financing sources (uses)	<u>403,049</u>	<u>-</u>	<u>(567,403)</u>	<u>391,723</u>	<u>227,369</u>
Net change in fund balance	859,114	-	(864,515)	393,163	387,762
Fund balances, July 1	<u>3,726,773</u>	<u>-</u>	<u>938,670</u>	<u>-</u>	<u>4,665,443</u>
Fund balances, June 30	<u>\$ 4,585,887</u>	<u>\$ -</u>	<u>\$ 74,155</u>	<u>\$ 393,163</u>	<u>\$ 5,053,205</u>

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2016

Total net changes in fund balances - Governmental fund (from B-2) \$ 387,762

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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 1,399,100	
Book value of assets disposed	(36,681)	
Depreciation expense	<u>(1,453,935)</u>	(91,516)

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and are not reported in the Statement of Activities:

Debt principal payments	1,060,000	
Payment to refunding bond agent	8,873,568	
Capital lease payments	<u>59,267</u>	9,992,835

Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Bond premium	(305,937)	
Amortization of bond premium	<u>94,152</u>	(211,785)

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(194,950)

Governmental funds report long-term debt proceeds as financing sources whereas issuing debt increased long-term liabilities in the government-wide statements:

Proceeds from refunding bond issue	(8,680,000)	
Proceeds from capital lease	<u>(175,000)</u>	(8,855,000)

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2016

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reconciling item.	\$ 47,131
In the Statement of Activities, interest on the deferred outflow from a refunding issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter.	(4,413)
In the Statement of Activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>39,561</u>
Change in net position of governmental activities	<u><u>\$ 1,109,625</u></u>

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2016

	Food Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 7,081
Due from other funds	213
Receivables from other governments	
State	545
Federal	7,962
Accounts receivable - other	755
Inventory	9,717
Total current assets	26,273
Noncurrent assets	
Capital assets	168,139
Less: accumulated depreciation	156,147
Total noncurrent assets	11,992
Total assets	38,265
Liabilities	
Current liabilities	
Unearned revenues - commodities	4,280
Unearned revenues - prepaid sales	11,335
Total liabilities	15,615
Net Position	
Net investment in capital assets	11,992
Unrestricted	10,658
Total net position	\$ 22,650

See accompanying notes to financial statements.

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

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 238,498
Daily sales - non-reimbursable programs	134,518
Total operating revenues	373,016
Operating expenses	
Cost of sales - reimbursable programs	145,124
Cost of sales - non-reimbursable programs	81,853
Salaries	152,534
Employee benefits	33,646
Purchased property services	20,087
Supplies and materials (not included in cost of sales)	4,740
Insurance	2,437
Management fee	13,477
Other purchased services	4,430
Depreciation	1,489
Miscellaneous	2,312
Total operating expenses	462,129
Operating income (loss)	(89,113)
Non-operating revenues (expenses)	
State sources	
State school lunch program	3,633
Federal sources	
National school lunch program	
Cash assistance	51,833
Non-cash assistance (commodities)	29,117
Interest earned on investments	246
Total non-operating revenues (expenses)	84,829
Change in net position	(4,284)
Net position, beginning	26,934
Net position, ending	\$ 22,650

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ 376,359
Payments to Food Service Management Co.	(409,669)
Payments to vendors (net)	(23,726)
Net cash provided by (used for) operating activities	(57,036)
Cash flows from non-capital financing activities	
State sources	3,439
Federal sources	47,146
General fund interfund activity	(2,183)
Net cash provided by (used for) noncapital financing activities	48,402
Cash flows from investing activities	
Interest earned on investments	246
Net cash provided by (used for) investing activities	246
Net increase (decrease) in cash and cash equivalents	(8,388)
Cash and cash equivalents, beginning	15,469
Cash and cash equivalents, ending	\$ 7,081
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (89,113)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,489
Federal food donation program	29,117
(Increase) decrease in accounts receivable	(180)
(Increase) decrease in inventory	(3,846)
Increase (decrease) in unearned revenues	5,497
Net cash provided by (used for) operating activities	\$ (57,036)

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 93,842	\$ 104,877	\$ 48,407
Total assets	<u>\$ 93,842</u>	<u>\$ 104,877</u>	<u>\$ 48,407</u>
Liabilities			
Due to other funds	\$ -	\$ -	\$ 16,206
Accounts payable	916	-	-
Accumulated interest	-	-	375
Due to student groups	-	104,877	-
Payroll deductions and withholdings	-	-	31,826
Total liabilities	<u>916</u>	<u>\$ 104,877</u>	<u>\$ 48,407</u>
Net position	<u>\$ 92,926</u>		

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Fund
Additions	
Employee contributions	\$ 24,704
Investment earnings - interest	253
Total additions	24,957
Deductions	
Unemployment claims	25,661
Change in net position before other financing sources (uses)	(704)
Other financing sources (uses)	
Transfer in from general fund	60,000
Change in net position after other financing sources (uses)	59,296
Net position, beginning of the year	33,630
Net position, end of the year	\$ 92,926

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Board of Education (Board) of the Clinton Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2016 of 1,405 students.

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

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its Governmental Funds as major funds and they are reported as separate columns in the fund financial statements.

C. 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey States Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive money under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, 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 property taxes, and unrestricted State aids.

Proprietary Funds distinguish operating revenues and expenses from non-operating 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.

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

The District reports the following major Governmental Funds:

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

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

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

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund, Summer Enrichment Fund and Summer Sport Camps Fund.

All Proprietary Funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light trucks & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary fund types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. 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. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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 last State aid payment for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Encumbrances

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal years 2015-2016 and 2014-2015 were based on rates established by the receiving District. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable/payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building improvements & portable classroom	15 - 50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10 - 15
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	8

K. Compensated absences

The District accounts for compensated absences (i.e., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 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.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Fund balances - Governmental funds

In the fund financial statements, Governmental Funds report the following classifications of fund balance:

- *Non-Spendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- *Restricted* - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- *Committed* - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- *Assigned* - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- *Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When expenditures are incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

O. Comparative data/reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local School Districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents 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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized 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. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School Districts.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)

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

N.J.S.A. 17:9-41 e.t. 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 Act. Public depositories include Savings and Loan institutions, banks (both State and national banks) and saving banks 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 full amount of their deposits to the Governmental Units.

Deposits at June 30, 2016 appear in the financial statements as summarized below:

Cash		\$ 5,219,126
	<u>Ref.</u>	
Unrestricted cash		
Governmental Funds, Balance Sheet	B-1	\$ 3,248,253
Enterprise Funds, Statement of Net Position	B-4	7,081
Fiduciary Funds, Statement of Net Position	B-7	247,126
Restricted cash		
Governmental Funds, Balance Sheet	B-1	1,716,666
Total cash		<u>\$ 5,219,126</u>

Deposits - The District's carrying amount of bank deposits at June 30, 2016 is \$5,219,126 and the bank balance is \$5,851,929. Of the bank balance, \$250,000 is covered by Federal Depository Insurance and \$5,601,929 is insured by GUDPA.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)

GASB Statement No. 40 “Deposit and Investment Risk Disclosures” requires State and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:
 - Deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government’s name.
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty’s trust department or agent but not in the government’s name.

As the District has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the District has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the District has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the District has no such investments this disclosure is not applicable.

Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer. As of June 30, 2016, the District had no investments.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,996,634	\$ -	\$ -	\$ 4,996,634
Construction in progress	1,064,116	1,266,232	1,172,831	1,157,517
Total	<u>6,060,750</u>	<u>1,266,232</u>	<u>1,172,831</u>	<u>6,154,151</u>
Capital assets, being depreciated				
Land improvements	1,064,181	-	-	1,064,181
Building & improvements	63,539,688	1,131,981	-	64,671,669
Furniture & equipment	1,457,123	133,339	97,966	1,501,196
Vehicles	104,391	40,379	-	144,770
Total	<u>66,165,383</u>	<u>1,305,699</u>	<u>97,966</u>	<u>67,381,816</u>
Accumulated depreciation				
Land improvements	844,651	41,819	-	886,470
Building & improvements	17,426,115	1,302,323	-	18,728,438
Furniture & equipment	796,221	99,762	61,285	843,398
Vehicles	83,705	10,031	-	93,736
Total	<u>19,150,692</u>	<u>1,453,935</u>	<u>61,285</u>	<u>20,552,042</u>
Total capital assets, being depreciated, net	<u>47,014,691</u>	<u>(148,236)</u>	<u>36,681</u>	<u>46,829,774</u>
Transfer	-	(1,172,831)	(1,172,831)	-
Governmental activities capital assets, net	<u>\$ 53,075,441</u>	<u>\$ (54,835)</u>	<u>\$ 36,681</u>	<u>\$ 52,983,925</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 168,139	\$ -	\$ -	\$ 168,139
Accumulated depreciation	154,658	1,489	-	156,147
Business type activities capital assets, net	<u>\$ 13,481</u>	<u>\$ (1,489)</u>	<u>\$ -</u>	<u>\$ 11,992</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction	
Regular	\$ 600,827
Special education	244,761
Other special instruction	56,375
Co-curricular activities	6,578
Support services	
Student & instruction	337,046
General & business administration	92,295
School administration	75,319
Maintenance	33,674
Transportation	1,991
Total depreciation expense, governmental activities	<u>\$ 1,453,935</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 28,470,000	\$ 8,680,000	\$ 9,745,000	\$ 27,405,000	\$ 975,000
Unamortized bond premium	713,572	305,937	156,950	862,559	99,519
Capital lease payable		175,000	59,267	115,733	57,344
PERS net pension liability	6,661,109	1,306,214	257,947	7,709,376	-
Compensated absences payable	698,124	22,622	62,183	658,563	63,514
Total governmental activities long-term liabilities	<u>\$ 36,542,805</u>	<u>\$ 10,489,773</u>	<u>\$ 10,281,347</u>	<u>\$ 36,751,231</u>	<u>\$ 1,195,377</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Payments on the general obligation bonds are made in the Debt Service Fund from property taxes and State aid. The compensated absences liability is paid in the current expenditures budget of the District's General Fund and the other long-term debts are amortized over a determined period.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2016 including interest payments are listed as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 975,000	\$ 1,118,006	\$ 2,093,006
2018	1,020,000	1,079,706	2,099,706
2019	1,070,000	1,030,106	2,100,106
2020	1,125,000	978,006	2,103,006
2021	1,185,000	923,082	2,108,082
2022 - 2026	6,995,000	3,711,156	10,706,156
2027 - 2031	8,830,000	2,195,888	11,025,888
2032 - 2034	6,205,000	489,069	6,694,069
Total	<u>\$ 27,405,000</u>	<u>\$ 11,525,019</u>	<u>\$ 38,930,019</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2016, with their outstanding balances are comprised of the following individual issues:

\$12,100,000 - 2011 refunding school bonds, interest at 3.00% to 5.00%, due in annual installments beginning January 15, 2012 to January 15, 2024	\$ 8,505,000
\$10,630,000 - 2012 refunding school bonds, interest at 2.00% to 4.125%, due in annual installments beginning January 15, 2012 to January 15, 2030	10,340,000
\$8,560,000 - 2016 refunding school bonds, interest at 2.00% to 4.00%, due in annual installments beginning January 15, 2017 to January 15, 2034	<u>8,560,000</u>
Totals	<u>\$ 27,405,000</u>

The general obligation bonded debt of the District is limited by State law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2016 is \$66,545,021. General obligation debt at June 30, 2016 is \$27,405,000, resulting in a legal debt margin of \$39,140,021.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Advance Refunding of School Bond Series 2006

On October 28, 2015, the District issued \$8,680,000 in general obligation bonds with an average interest rate of 3.68% to advance refund \$8,685,000 of outstanding 2006 series bonds with an average interest rate of 4.350%. The net proceeds of \$8,873,568 (issue amount of \$8,680,000, plus the bond premium of \$305,937, and less \$112,369 in underwriting fees, insurance and excess issue proceeds) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2006 series bonds. As a result, the portion of the 2006 series bonds to be refunded are considered defeased and both the trust account cash and investment balance asset and the liability for those bonds has been removed from the financial statements. The advance refunding of outstanding callable 2006 series bonds generated \$1,147,056 in gross debt service savings and an economic gain (difference between the present values of the old and new debt service payments plus excess issue funds) of \$865,348.

Capital Lease Payable

The District is leasing a tractor and technology infrastructure under capital leases with an interest rate of 1.823%. The original lease was for \$175,000 with a term of 3 years. The following is a schedule of the future minimum lease payments under the lease and the net minimum lease payments at June 30, 2016.

Year ending June 30,

2017	\$ 59,453
2018	59,454
Future minimum lease payments	118,907
Amount representing interest	3,174
Total amount representing principal	\$ 115,733

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Public employees' retirement systems (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS 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 PERS.

The following represents the membership Tiers for PERS:

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

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

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.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations, are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2015, are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2015.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 through June 30, 2015. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. 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 years 2015, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2015 and 2014 are as follows:

	2015	2014
Total pension liability	\$ 14,805,239	\$ 13,900,710
Plan fiduciary net position	7,095,863	7,239,601
Net pension liability	<u>\$ 7,709,376</u>	<u>\$ 6,661,109</u>
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases (based on age)	
2012 - 2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for 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 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
A. Public employees' retirement systems (PERS) (continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grad Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	2015
At current discount rate (4.90%)	\$ 7,709,376
At a 1% lower rate (3.90%)	9,581,811
At a 1% higher rate (5.90%)	6,139,540
	2014
At current discount rate (5.39%)	\$ 6,661,109
At a 1% lower rate (4.39%)	8,379,902
At a 1% higher rate (6.39%)	5,217,760

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 183,919	\$ -
Changes of assumptions	827,925	-
Net difference between projected and actual earnings on pension plan investments	-	123,952
Changes in proportion and differences between District contributions and proportionate share of contributions	124,187	196,075
District contributions subsequent to the measurement date	295,260	-
Total	\$ 1,431,291	\$ 320,027

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) of \$295,260 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Changes of assumptions	\$ 202,194	\$ 1,026,229	\$ 216,579	\$ 1,011,844
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	383,189	(204,296)	54,941	123,952
Net of deferred outflows/(inflows)				\$ 887,892

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year ending June 30,

2016	\$ 161,641
2017	161,641
2018	161,641
2019	257,439
2020	145,530
Total	\$ 887,892

Pension expense

For the year ended June 30, 2016, the District recognized net pension expense of \$490,210 which represents the District's proportionate share of allocable plan pension expense of \$505,734, plus the pension expense related to specific liabilities of individual employers of \$1,593, less the net amortization of deferred amounts from changes in proportion of \$13,571 and less other adjustments to the net pension liability of \$3,546. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2015 are as follows:

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense (continued)

Service cost	\$	302,919
Interest on total pension liability		721,906
Member contributions		(167,562)
Administrative expense		5,629
Expected investment return net of investment expense		(515,804)
Pension expense related to specific liabilities of individual employers		(2,995)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		177,613
Amortization of expected versus actual experience		38,966
Amortization of projected versus actual investment earnings on pension plan investments		(54,938)
Pension expense	\$	505,734

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which 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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership Tiers for TPAF:

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

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District’s proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2015 and 2014 is as follows:

	2015	2014
Net pension liability	\$ 74,196,743	\$ 64,074,645
Employer pension expense and related revenue	4,530,379	3,447,817
Non-employer contribution	630,896	509,258
Allocable proportionate percentage	.1173919781%	.1198850273%

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2016) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

The contribution policy is set by State statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011, the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Contribution requirements

Three-year trend information for TPAF (paid on behalf of the District):

<u>Year Funding</u>	<u>TPAF Benefit Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 2,102,438	100%
06/30/15	1,642,193	100%
06/30/14	1,338,719	100%

Three-year trend information for PERS:

<u>Year Funding</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 295,260	100%
06/30/15	293,297	100%
06/30/14	260,969	100%

During the year ended June 30, 2016, the State of New Jersey contributed \$1,142,738 to the TPAF for post-retirement medical benefits, \$45,538 for non-contributory insurance premiums and \$914,162 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$780,148 during the year ended June 30, 2016 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Ch. 6 of PL 1990 required TPAF and 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. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement 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 Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2015, the State paid \$214.1 million toward Ch. 126 benefits for 19,056 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description - The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

Note 8 - Deferred compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- AXA Equitable Funds
- Lincoln Financial
- Variable Annuity Life Insurance Company

Note 9 - Interfund receivable and payables

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

<u>Fund</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 128,267	\$ 213
Capital Projects Fund	-	503,783
Debt Service Fund	391,722	-
Payroll Agency Fund	-	6,206
Payroll Flexible Spending Account Fund	-	10,000
Food Service Fund	213	-
	<u>\$ 520,202</u>	<u>\$ 520,202</u>

The balance due from the Capital Projects Fund to the General Fund of \$112,061 and to the Debt Service Fund of \$391,722 represents unexpended project balances canceled. The balance due from the General Fund to the Food Service Fund of \$213 represents lunch aid received in the General Fund which was due to the Food Service Enterprise Fund as of June 30, 2016. The balance due from the Payroll Agency Fund to the General Fund of \$6,206 represents voided outstanding checks and balances due to the General Fund. The balance due from the Payroll Flex Spending Fund to the General Fund of \$10,000 represents an imprest loan to the Flex Spending account for cash-flow reasons.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivable and payables (continued)

The District transferred \$60,000 from the General Fund to the Unemployment Compensation Fund representing a Board contribution to the Unemployment Fund. The District also transferred \$288,049 from the Capital Projects Fund to the General Fund and \$391,723 to the Debt Service Fund representing unexpended project balances.

Note 10 - Inventory

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

Food	\$	7,402
Supplies		2,315
Total	\$	9,717

Note 11 - Contingent liabilities

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District. Also, the District has properly recorded the liability for an unsettled employment contract negotiation as of June 30, 2016 as an encumbrance in the General Fund.

Note 12 - Risk management

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the statistical section of the Comprehensive Annual Financial Report.

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

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

<u>Fiscal Year</u>	<u>District Transfer</u>	<u>Interest Earnings</u>	<u>Employee Deposits</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 60,000	\$ 253	\$ 24,704	\$ (25,661)	\$ 92,926
2014-2015	50,000	119	24,238	(90,825)	33,630
2013-2014	-	243	26,847	(73,428)	50,098

Note 13 - Legal reserve accounts

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

Funds placed in the Capital Reserve account are restricted to capital projects in the Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the Capital Reserve by appropriating funds in the annual General Fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$513,828 to their Capital Reserve account and \$200,000 to their Maintenance Reserve account by Board resolution in June 2016 as summarized in the following schedule.

The following schedule is a summarization of the Legal Reserve accounts for the current year:

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contrib.</u>	<u>Interest Earnings</u>	<u>Return Unused Withdrawal</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
Capital	\$1,552,077	\$ 513,828	\$ 1,884	\$ 297,379	\$ 1,525,881	\$839,287
Maintenance	373,000	200,000	-	-	275,000	298,000
Total	<u>\$1,925,077</u>	<u>\$ 713,828</u>	<u>\$ 1,884</u>	<u>\$ 297,379</u>	<u>\$ 1,800,881</u>	<u>\$1,137,287</u>

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances - Budgetary basis

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2016 and 2015 is as follows:

	2015	2016
Restricted		
Excess surplus - represents amount in excess of allowable percentage. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 190,892	\$ -
Excess surplus - Designated for subsequent year's expenditures - represents amount in excess of allowable percentage appropriated in the succeeding year's budget to reduce tax requirements.	-	190,892
Committed		
Capital reserve account - represents funds restricted to capital projects in the Districts long range facilities plan.	1,552,077	839,287
Maintenance reserve - represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:76-9).	373,000	298,000
Assigned		
Year-end encumbrance - represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	988,770	2,865,632
Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements	240,000	91,023
Unassigned		
Undesignated - represents fund balance, which has not been restricted or designated.	601,934	520,831
Total fund balance	\$ 3,946,673	\$ 4,805,665

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$0.

Note 16 - Subsequent events

The District has evaluated subsequent events through November 18, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 17 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "*Tax Abatement Disclosures*". This statement, which is effective for reporting periods beginning after December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "*Pension's Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "*Certain External Investment Pools and Pool Participants*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*". This statement, which is effective for reporting periods beginning June 15, 2016, is not expected to have a material impact on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "*Irrevocable Split-Interest Agreements*". This statement, which is effective for reporting periods after June 15, 2016, is not expected to have a material impact on the District's financial reporting.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

- Note 17 - Recent accounting pronouncements not yet effective (continued)
In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 “*Pension Issues - an amendment of GASB Statements No. 67 and No. 73*”. This statement is effective for reporting periods beginning June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement is not expected to have a material impact on the District’s financial reporting.
- Note 18 - Deficit balance in unrestricted net position
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2016 of \$5,061,778 on Schedule A-1 “Statement of Net Position”. The deficit balance is not a negative reflection on the District’s financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State’s net pension liability for PERS to each contributing entity throughout the State.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 22,918,742	\$ -	\$ 22,918,742	\$ 22,918,742	\$ -
Tuition from individuals	6,197	106,303	112,500	55,819	(56,681)
Tuition from other LEAs within the state	437,869	(106,303)	331,566	542,211	210,645
Transportation fees from other LEAs	17,500	-	17,500	23,904	6,404
Unrestricted miscellaneous revenues	130,000	-	130,000	196,424	66,424
Interest earned on capital reserve funds	2,500	-	2,500	1,884	(616)
Total	23,512,808	-	23,512,808	23,738,984	226,176
State sources					
School choice aid	806,992	-	806,992	806,992	-
Categorical transportation aid	147,078	-	147,078	147,078	-
Extraordinary aid	502,487	-	502,487	360,137	(142,350)
Categorical special education aid	780,827	-	780,827	780,827	-
Categorical security aid	82,468	-	82,468	82,468	-
Adjustment aid	442,544	-	442,544	442,544	-
Other State aid	28,100	-	28,100	33,500	5,400
TPAF Pension (on-behalf)	-	-	-	959,700	959,700
TPAF Social Security (reimbursed)	-	-	-	780,148	780,148
TPAF Post retirement benefits	-	-	-	1,142,738	1,142,738
Total	2,790,496	-	2,790,496	5,536,132	2,745,636
Total revenues	\$ 26,303,304	\$ -	\$ 26,303,304	\$ 29,275,116	\$ 2,971,812
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 162,349	\$ (37,710)	\$ 124,639	\$ 106,631	\$ 18,008
Kindergarten	363,458	64,207	427,665	391,098	36,567
Grades 1-5	3,400,673	(24,023)	3,376,650	2,871,208	505,442
Grades 6-8	2,247,459	145,104	2,392,563	2,104,339	288,224
Home instruction					
Salaries of teacher	14,757	7,697	22,454	22,197	257
Purchased professional - educational services	2,500	5,694	8,194	8,106	88
Regular programs - undistributed instruction					
Purchased professional - educational services	152,000	198,100	350,100	348,958	1,142
Purchased technical services	14,000	(45)	13,955	5,456	8,499
Other purchased services	339,222	(51,763)	287,459	245,631	41,828
General supplies	682,862	(79,118)	603,744	443,382	160,362
Textbooks	62,800	(57,702)	5,098	2,207	2,891
Other objects	8,739	16	8,755	7,840	915
Total	7,450,819	170,457	7,621,276	6,557,053	1,064,223
Special education					
Auditory impairments					
Salaries of teachers	1,058	-	1,058	-	1,058
General supplies	23	-	23	23	-
Total	1,081	-	1,081	23	1,058

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Resource room/resource center					
Salaries of teachers	\$ 2,287,583	\$ (79,615)	\$ 2,207,968	\$ 1,914,694	\$ 293,274
Other salaries for instruction	58,906	(19,247)	39,659	33,298	6,361
Purchased professional - educational services	40,000	125,398	165,398	165,398	-
Other purchased services	-	500	500	-	500
General supplies	25,780	(15,547)	10,233	5,838	4,395
Total	<u>2,412,269</u>	<u>11,489</u>	<u>2,423,758</u>	<u>2,119,228</u>	<u>304,530</u>
Autism					
Salaries of teachers	197,159	(44,522)	152,637	131,334	21,303
Other salaries for instruction	158,889	(13,332)	145,557	115,885	29,672
Purchased professional - educational services	14,500	1,880	16,380	16,380	-
General supplies	2,000	-	2,000	1,643	357
Total	<u>372,548</u>	<u>(55,974)</u>	<u>316,574</u>	<u>265,242</u>	<u>51,332</u>
Total special education	<u>2,785,898</u>	<u>(44,485)</u>	<u>2,741,413</u>	<u>2,384,493</u>	<u>356,920</u>
Basic skills/remedial					
Salaries of teachers	661,971	(6,397)	655,574	584,157	71,417
Purchased professional - education services	15,000	4,233	19,233	19,233	-
General supplies	6,700	(519)	6,181	5,071	1,110
Total	<u>683,671</u>	<u>(2,683)</u>	<u>680,988</u>	<u>608,461</u>	<u>72,527</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	23,379	920	24,299	18,429	5,870
Supplies and materials	7,100	(1,891)	5,209	1,066	4,143
Total	<u>30,479</u>	<u>(971)</u>	<u>29,508</u>	<u>19,495</u>	<u>10,013</u>
School-sponsored athletics - instruction					
Salaries	37,286	1,450	38,736	38,736	-
Purchased services	14,643	-	14,643	7,686	6,957
Supplies and materials	5,260	1,992	7,252	7,252	-
Other objects	300	(300)	-	-	-
Total	<u>57,489</u>	<u>3,142</u>	<u>60,631</u>	<u>53,674</u>	<u>6,957</u>
Total instruction regular	<u>\$ 11,008,356</u>	<u>\$ 125,460</u>	<u>\$ 11,133,816</u>	<u>\$ 9,623,176</u>	<u>\$ 1,510,640</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - special	\$ 182,876	\$ 68,291	\$ 251,167	\$ 233,284	\$ 17,883
Tuition to priv. school for the disabled w/i State	220,576	21,916	242,492	211,038	31,454
Tuition - other	-	24,325	24,325	22,776	1,549
Total	<u>403,452</u>	<u>114,532</u>	<u>517,984</u>	<u>467,098</u>	<u>50,886</u>
Undistributed expenditures - attendance & social work					
Salaries	153,765	7,046	160,811	149,304	11,507
Supplies and materials	27,325	(5,843)	21,482	14,332	7,150
Total	<u>181,090</u>	<u>1,203</u>	<u>182,293</u>	<u>163,636</u>	<u>18,657</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - health services					
Salaries	\$ 331,612	\$ 16,215	\$ 347,827	\$ 313,703	\$ 34,124
Purchased professional and technical services	3,500	-	3,500	3,000	500
Supplies and materials	13,300	(1,961)	11,339	10,539	800
Total	<u>348,412</u>	<u>14,254</u>	<u>362,666</u>	<u>327,242</u>	<u>35,424</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	532,330	(20,755)	511,575	445,975	65,600
Purchased professional - educational services	118,250	(18,528)	99,722	93,885	5,837
Supplies and materials	8,427	(70)	8,357	5,760	2,597
Total	<u>659,007</u>	<u>(39,353)</u>	<u>619,654</u>	<u>545,620</u>	<u>74,034</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	493,328	(18,131)	475,197	413,623	61,574
Purchased professional - educational services	165,700	104,362	270,062	248,340	21,722
Total	<u>659,028</u>	<u>86,231</u>	<u>745,259</u>	<u>661,963</u>	<u>83,296</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	422,055	4,234	426,289	361,556	64,733
Other purchased services	-	12,500	12,500	12,500	-
Supplies and materials	15,800	(14,228)	1,572	986	586
Total	<u>437,855</u>	<u>2,506</u>	<u>440,361</u>	<u>375,042</u>	<u>65,319</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	779,886	39,740	819,626	669,201	150,425
Salaries of secretarial and clerical assistants	84,810	4,891	89,701	82,516	7,185
Purchased professional - educational services	66,111	7,000	73,111	70,295	2,816
Other purchased services	32,511	(2,567)	29,944	18,147	11,797
Supplies and materials	28,750	(13,600)	15,150	10,530	4,620
Other objects	16,000	(921)	15,079	2,071	13,008
Total	<u>1,008,068</u>	<u>34,543</u>	<u>1,042,611</u>	<u>852,760</u>	<u>189,851</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	107,096	(37,075)	70,021	70,021	-
Salaries of other professional staff	19,883	-	19,883	18,600	1,283
Salaries of secretarial & clerical assist	24,579	723	25,302	23,749	1,553
Other purchased services	6,050	-	6,050	2,837	3,213
Supplies and materials	1,900	-	1,900	1,330	570
Other objects	4,125	-	4,125	1,035	3,090
Total	<u>163,633</u>	<u>(36,352)</u>	<u>127,281</u>	<u>117,572</u>	<u>9,709</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 412,782	\$ (68,850)	\$ 343,932	\$ 308,178	\$ 35,754
Salaries of technology coordinators	-	93,840	93,840	86,020	7,820
Purchased professional and technical services	5,000	(1,913)	3,087	3,087	-
Supplies and materials	24,760	(24)	24,736	21,399	3,337
Total	442,542	23,053	465,595	418,684	46,911
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	107,096	(37,075)	70,021	70,021	-
Salaries of secretarial & clerical assist.	24,579	723	25,302	23,749	1,553
Purchased professional - educational services	49,500	4,310	53,810	50,774	3,036
Other purchased services	39,100	(20,985)	18,115	15,740	2,375
Supplies and materials	1,500	-	1,500	0	1,500
Total	221,775	(53,027)	168,748	160,284	8,464
Undistributed expend. - support service - general admin.					
Salaries	250,502	(11,724)	238,778	238,351	427
Legal services	48,935	51,804	100,739	80,599	20,140
Audit fees	29,580	-	29,580	29,580	-
Architectural/engineering services	12,000	(12,000)	-	-	-
Other purchased professional services	13,000	24,236	37,236	36,831	405
Communications/telephone	35,277	(12,783)	22,494	20,915	1,579
BOE other purchased services	2,500	(1,500)	1,000	198	802
Misc purchased services	78,696	(3,305)	75,391	67,073	8,318
General supplies	2,000	-	2,000	1,489	511
BOE in-house training/meeting supplies	750	-	750	330	420
Miscellaneous expenditures	12,050	500	12,550	12,550	-
BOE membership dues and fees	13,000	(518)	12,482	12,274	208
Total	498,290	34,710	533,000	500,190	32,810
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	648,820	7,216	656,036	651,288	4,748
Salaries of secretarial and clerical assistants	174,653	7,733	182,386	157,001	25,385
Other purchased services	24,840	(4,076)	20,764	17,508	3,256
Supplies and materials	698	-	698	579	119
Other objects	16,100	(2,257)	13,843	11,420	2,423
Total	865,111	8,616	873,727	837,796	35,931
Undistributed expenditures - central services					
Salaries	330,142	9,972	340,114	340,114	-
Purchased professional services	27,000	(6,524)	20,476	20,464	12
Purchased technical services	18,026	3,789	21,815	21,815	-
Miscellaneous purchased services	9,700	(836)	8,864	3,346	5,518
Supplies and materials	7,000	1,171	8,171	7,322	849
Interest on current loans	-	186	186	186	-
Other objects	1,500	(130)	1,370	1,185	185
Total	393,368	7,628	400,996	394,432	6,564

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - admin. info. technology					
Salaries	\$ 8,160	\$ -	\$ 8,160	\$ 3,500	\$ 4,660
Purchased technical services	21,876	-	21,876	12,939	8,937
Other purchased services	9,260	-	9,260	2,070	7,190
Supplies and materials	1,836	216	2,052	1,128	924
Other objects	216	(216)	-	-	-
Total	<u>41,348</u>	<u>-</u>	<u>41,348</u>	<u>19,637</u>	<u>21,711</u>
Undistributed expend. - required maint. for school facilities					
Salaries	274,947	1,501	276,448	254,901	21,547
Cleaning, repair, and maintenance services	240,714	451,350	692,064	514,807	177,257
General supplies	94,044	44,635	138,679	110,446	28,233
Other objects	-	2,000	2,000	2,000	-
Total	<u>609,705</u>	<u>499,486</u>	<u>1,109,191</u>	<u>882,154</u>	<u>227,037</u>
Undistributed expenditures - custodial services					
Salaries	754,542	132,867	887,409	795,954	91,455
Salaries of non-instructional aides	98,390	(98,390)	-	-	-
Purchased professional and technical services	49,648	(4,625)	45,023	29,326	15,697
Cleaning, repair, and maintenance service	52,181	(3,800)	48,381	26,410	21,971
Other purchased property services	38,495	(7,800)	30,695	27,153	3,542
Insurance	127,189	(11,230)	115,959	114,493	1,466
Miscellaneous purchased services	1,750	1,370	3,120	1,791	1,329
General supplies	105,154	81,220	186,374	106,105	80,269
Energy (natural gas)	181,794	(49,313)	132,481	123,159	9,322
Energy (electricity)	403,850	24,265	428,115	425,238	2,877
Energy (oil)	14,320	(2,350)	11,970	4,904	7,066
Other objects	500	-	500	250	250
Total	<u>1,827,813</u>	<u>62,214</u>	<u>1,890,027</u>	<u>1,654,783</u>	<u>235,244</u>
Undistributed expenditures - care and upkeep of grounds					
Purchased professional and technical services	-	3,050	3,050	450	2,600
Cleaning, repair, and maintenance service	5,510	4,960	10,470	9,516	954
General supplies	29,000	(8,460)	20,540	14,755	5,785
Total	<u>34,510</u>	<u>(450)</u>	<u>34,060</u>	<u>24,721</u>	<u>9,339</u>
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	-	18,730	18,730	1,378	17,352
General supplies	11,500	(2,549)	8,951	3,053	5,898
Total	<u>11,500</u>	<u>16,181</u>	<u>27,681</u>	<u>4,431</u>	<u>23,250</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	\$ 15,000	\$ (3,863)	\$ 11,137	\$ 9,898	\$ 1,239
Salaries for pupil trans (between home & school) - reg.	6,928	173	7,101	7,101	-
Salaries for pupil trans (between home & school) - sp ed	6,928	173	7,101	7,101	-
Management fee - esc & ctsa trans. program	15,000	(3,087)	11,913	11,476	437
Other purchased professional and technical service	24,480	-	24,480	24,480	-
Contract service-aid in lieu pymts - non-public schools	36,326	-	36,326	28,947	7,379
Contract services (between home & school) - vendors	641,437	2,863	644,300	644,295	5
Contr service (oth. than between home & school) - vend	39,756	(6,562)	33,194	27,663	5,531
Contr service (between home & school) - joint agreements	113,310	33,696	147,006	146,506	500
Contract service (sp ed stds) - vendors	132,888	(17,302)	115,586	72,796	42,790
Contract service (reg. students) - escs & ctsas	381,148	121,752	502,900	502,170	730
Contract service (spl. ed. students) - escs & ctsas	140,732	(15,608)	125,124	118,189	6,935
Miscellaneous purchased services - transportation	6,500	(6,500)	-	-	-
General supplies	300	-	300	-	300
Total	1,560,733	105,735	1,666,468	1,600,622	65,846
Unallocated benefits - employee benefits					
Social security contributions	342,193	(4,807)	337,386	236,866	100,520
Other retirement contributions - PERS	292,357	9,381	301,738	295,260	6,478
Other retirement contributions - regular	4,000	8,107	12,107	12,107	-
Unemployment compensation	60,000	(60,000)	-	-	-
Workmen's compensation	107,127	11,935	119,062	119,062	-
Health benefits	4,450,877	(436,301)	4,014,576	3,948,505	66,071
Tuition reimbursement	63,972	(16,725)	47,247	35,580	11,667
Other employee benefits	634,060	(520,584)	113,476	106,079	7,397
Unused sick payment to terminated/retired staff	-	54,969	54,969	54,124	845
Total	5,954,586	(954,025)	5,000,561	4,807,583	192,978
On-behalf TPAF pension contribution	-	-	-	959,700	(959,700)
On-behalf TPAF post retirement medical benefits	-	-	-	1,142,738	(1,142,738)
Reimbursed TPAF Social Security contribution	-	-	-	780,148	(780,148)
Total	-	-	-	2,882,586	(2,882,586)
Total undistributed expenditures	\$ 16,321,826	\$ (72,315)	\$ 16,249,511	\$ 17,698,836	\$ (1,449,325)
Total current	\$ 27,330,182	\$ 53,145	\$ 27,383,327	\$ 27,322,012	\$ 61,315
Capital outlay					
Equipment					
Kindergarten	\$ -	\$ 14,750	\$ 14,750	\$ -	\$ 14,750
Undistributed					
Undistributed expenditures - admin. info. technology	-	5,334	5,334	-	5,334
Undistributed expend. - required maint. for school facilities	40,511	90,186	130,697	91,090	39,607
Total equipment	40,511	110,270	150,781	91,090	59,691

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Facilities acquisition and construction service					
Architectural/engineering services	\$ 5,624	\$ 171,850	\$ 177,474	\$ 145,910	\$ 31,564
Other purchased professional and technology services	-	6,885	6,885	-	6,885
Construction services	-	903,949	903,949	438,308	465,641
Land and improvements	-	443,197	443,197	442,197	1,000
Lease purchase agreements principal	-	59,453	59,453	59,267	186
Assessment for debt service on SDA funding	89,009	-	89,009	89,009	-
Total facilities acquisition and construction service	<u>94,633</u>	<u>1,585,334</u>	<u>1,679,967</u>	<u>1,174,691</u>	<u>505,276</u>
Assets acquired under capital leases (non-budgeted)					
Undistributed					
Undistributed expenditures - instruction	-	-	-	136,722	(136,722)
Undistributed expenditures - care and upkeep of grounds	-	-	-	38,278	(38,278)
Total assets acquired under capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>(175,000)</u>
Total capital outlay	<u>\$ 135,144</u>	<u>\$ 1,695,604</u>	<u>\$ 1,830,748</u>	<u>\$ 1,440,781</u>	<u>\$ 389,967</u>
Special schools					
Summer school - instruction					
Salaries of teachers	\$ 36,998	\$ (3,121)	\$ 33,877	\$ 33,877	\$ -
Other salaries for instruction	20,000	(20,000)	-	-	-
Purchased professional and technical services	5,200	(5,200)	-	-	-
General supplies	1,536	(592)	944	944	-
Total	<u>63,734</u>	<u>(28,913)</u>	<u>34,821</u>	<u>34,821</u>	<u>-</u>
Summer school - support services					
Salaries	-	21,559	21,559	21,559	-
Total	<u>-</u>	<u>21,559</u>	<u>21,559</u>	<u>21,559</u>	<u>-</u>
Total special schools	<u>\$ 63,734</u>	<u>\$ (7,354)</u>	<u>\$ 56,380</u>	<u>\$ 56,380</u>	<u>\$ -</u>
Total expenditures	<u>\$ 27,529,060</u>	<u>\$ 1,741,395</u>	<u>\$ 29,270,455</u>	<u>\$ 28,819,173</u>	<u>\$ 451,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,225,756)</u>	<u>\$ (1,741,395)</u>	<u>\$ (2,967,151)</u>	<u>\$ 455,943</u>	<u>\$ 3,423,094</u>
Other financing sources (uses)					
Operating transfer in					
Transfers from capital projects fund	-	-	-	288,049	288,049
Operating transfer out					
Transfer to fiduciary fund - Board contribution	-	(60,000)	(60,000)	(60,000)	-
Capital leases (non-budgeted)	-	-	-	175,000	175,000
Total other financing sources (uses)	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>403,049</u>	<u>463,049</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(1,225,756)	(1,801,395)	(3,027,151)	858,992	3,886,143
Fund balances, July 1	3,946,673	-	3,946,673	3,946,673	-
Fund balances, June 30	<u>\$ 2,720,917</u>	<u>\$ (1,801,395)</u>	<u>\$ 919,522</u>	<u>\$ 4,805,665</u>	<u>\$ 3,886,143</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (988,770)	\$ -	\$ (988,770)	\$ (988,770)	\$ -
Increase in capital reserve	-	811,207	811,207	811,207	-
Interest deposit to capital reserve	2,500	-	2,500	1,884	(616)
Withdrawal from capital reserve	-	(1,525,881)	(1,525,881)	(1,525,881)	-
Increase in maintenance reserve	-	200,000	200,000	200,000	-
Withdrawal from maintenance reserve	-	(275,000)	(275,000)	(275,000)	-
Budgeted fund balance	(240,000)	(1,011,721)	(1,251,207)	2,635,552	3,886,759
Total	<u>\$ (1,226,270)</u>	<u>\$ (1,801,395)</u>	<u>\$ (3,027,151)</u>	<u>\$ 858,992</u>	<u>\$ 3,886,143</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 190,892	
Committed fund balance					
Capital reserve				839,287	
Maintenance reserve				298,000	
Assigned fund balance					
Designated for subsequent year's expenditures				91,023	
Year-end encumbrances				2,865,632	
Unassigned fund balance				<u>520,831</u>	
Fund balance per budgetary basis				4,805,665	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(219,778)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 4,585,887</u>	

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 54,575	\$ -	\$ 54,575	\$ 50,044	\$ (4,531)
State sources	257,922	-	257,922	146,326	(111,596)
Federal sources	478,049	-	478,049	447,997	(30,052)
Total revenues	\$ 790,546	\$ -	\$ 790,546	\$ 644,367	\$ (146,179)
Expenditures					
Instruction					
Salaries	\$ 18,300	\$ -	\$ 18,300	\$ 18,300	\$ -
Purchased professional & technical services	177,895	(7,038)	170,857	78,031	92,826
Other purchased services	350,835	-	350,835	325,134	25,701
General supplies	67,508	(4,426)	63,082	58,225	4,857
Textbooks	26,437	-	26,437	22,727	3,710
Totals	640,975	(11,464)	629,511	502,417	127,094
Support services					
Employee benefits	4,758	-	4,758	4,758	-
Purchased professional & technical services	124,795	10,339	135,134	116,049	19,085
Other purchased services	10,399	1,698	12,097	12,097	-
General supplies	4,644	(573)	4,071	4,071	-
Total	144,596	11,464	156,060	136,975	19,085
Facility acquisition and construction services					
Instructional equipment	4,975	-	4,975	4,975	-
Total expenditures	\$ 790,546	\$ -	\$ 790,546	\$ 644,367	\$ 146,179

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 29,275,116	\$ 644,367
Differences - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	6,038
Outstanding encumbrances - current year	-	(34,491)
 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 expenses (GASB 33):		
State aid receivable prior year	219,900	-
State aid receivable current year	(219,778)	-
 Asset trade-in values of capital assets are not recognized for budgetary basis purposes but treated as an additional revenue for GAAP purposes		
	3,500	-
Total revenues (GAAP basis)	\$ 29,278,738	\$ 615,914

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation (continued)

Uses/Outflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 28,819,173	\$ 644,367
Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures		
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	6,038
Outstanding encumbrances - current year	-	(34,491)
Asset trade-in values of capital assets are not recognized for budgetary basis purposes but treated as an additional expenditure for GAAP purposes	3,500	-
Total expenditures (GAAP basis)	\$ 28,822,673	\$ 615,914

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	-	74,196,743	64,074,645	55,865,468	-	-	-	-	-	-
Total	\$ -	\$ 74,196,743	\$ 64,074,645	\$ 55,865,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 11,364,829	\$ 11,690,976	\$ 11,689,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.00%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Pension Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 959,700	\$ 634,664	\$ 507,163	\$ 714,252	\$ 340,143	\$ 33,406	\$ 35,353	\$ 34,982	\$ 743,995	\$ 680,137
Contributions in relation to the contractually required contribution	<u>(959,700)</u>	<u>(634,664)</u>	<u>(507,163)</u>	<u>(714,252)</u>	<u>(340,143)</u>	<u>(33,406)</u>	<u>(35,353)</u>	<u>(34,982)</u>	<u>(743,995)</u>	<u>(680,137)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 11,001,425	\$11,364,829	\$11,690,976	\$11,689,197	\$11,295,135	\$10,582,744	\$10,924,967	\$10,223,542	\$10,176,340	\$9,761,256
Contributions as a percentage of covered employee payroll	8.72%	5.58%	4.34%	6.11%	3.01%	0.32%	0.32%	0.34%	7.31%	6.97%

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.0343432683%	0.0355776482%	0.0346351791%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 7,709,376	\$ 6,661,109	\$ 6,619,471	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	\$ 2,049,620	\$ 2,355,925	\$ 2,420,911	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	376.14%	282.74%	273.43%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 295,260	\$ 293,297	\$ 260,969	\$ 274,614	\$ 319,481	\$ 316,175	\$ 253,592	\$ 125,371	\$ 195,508	\$ 104,873
Contributions in relation to the contractually required contribution	<u>(295,260)</u>	<u>(293,297)</u>	<u>(260,969)</u>	<u>(274,614)</u>	<u>(319,481)</u>	<u>(316,175)</u>	<u>(253,592)</u>	<u>(125,371)</u>	<u>(195,508)</u>	<u>(104,873)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 2,096,944	\$2,049,620	\$2,355,925	\$2,420,911	\$2,340,619	\$2,401,165	\$2,921,142	\$2,939,487	\$2,788,292	\$2,801,651
Contributions as a percentage of covered employee payroll	14.08%	14.31%	11.08%	11.34%	13.65%	13.17%	8.68%	4.27%	7.01%	3.74%

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2016

Note 1 - Special funding situation - TPAF

The participating employer allocations included in the Supplemental Schedule of Employer Special Funding Allocations and the Supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

CLINTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues And Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Preschool	Non-public Grants	Local Grants	Total
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,044	\$ 50,044
State sources	-	-	-	-	146,326	-	146,326
Federal sources	23,378	22,744	388,559	13,316	-	-	447,997
Total revenues	<u>\$ 23,378</u>	<u>\$ 22,744</u>	<u>\$ 388,559</u>	<u>\$ 13,316</u>	<u>\$ 146,326</u>	<u>\$ 50,044</u>	<u>\$ 644,367</u>
Expenditures							
Instruction							
Salaries	\$ 18,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,300
Purchased professional & technical services	-	-	-	-	73,031	5,000	78,031
Other purchased services	-	-	325,134	-	-	-	325,134
General supplies	320	-	-	12,211	11,325	34,369	58,225
Textbooks	-	-	-	-	22,727	-	22,727
Total	<u>18,620</u>	<u>-</u>	<u>325,134</u>	<u>12,211</u>	<u>107,083</u>	<u>39,369</u>	<u>502,417</u>
Support services							
Employee benefits	4,758	-	-	-	-	-	4,758
Purchased professional & technical services	-	12,453	63,425	928	39,243	-	116,049
Other purchased services	-	6,397	-	-	-	5,700	12,097
Supplies and materials	-	3,894	-	177	-	-	4,071
Total	<u>4,758</u>	<u>22,744</u>	<u>63,425</u>	<u>1,105</u>	<u>39,243</u>	<u>5,700</u>	<u>136,975</u>
Facilities acquisition & construction services							
Instructional equipment	-	-	-	-	-	4,975	4,975
Total expenditures	<u>\$ 23,378</u>	<u>\$ 22,744</u>	<u>\$ 388,559</u>	<u>\$ 13,316</u>	<u>\$ 146,326</u>	<u>\$ 50,044</u>	<u>\$ 644,367</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

CLINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/16
			Prior Years	Current Year	
Renovations to the three Existing elementary schools and the acquisition, construction and equipping of a new middle school	04/07/03	\$39,391,279	\$ 39,380,469	\$ 10,810	\$ -
Roof repairs for the four district schools	07/18/03	1,413,482	1,032,569	380,913	-
Various renovations to the four district schools	05/02/14	544,697	544,667	30	-
Spruce Run School security upgrades including vestibule and exterior doors	05/02/14	423,934	252,558	155,916	15,460
Patrick Mc Gaهران School security upgrades including vestibule and exterior doors	05/02/14	430,928	243,173	174,314	13,441
Round Valley School security upgrades including vestibule and exterior doors	05/02/14	611,049	504,911	60,884	45,254
		<u>\$42,815,369</u>	<u>\$ 41,958,347</u>	<u>\$ 782,867</u>	<u>\$ 74,155</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Revenues and other financing sources	
State sources	
NJ SDA aid	\$ (358,992)
Total revenues	<u>(358,992)</u>
 Expenditures and other financing uses	
Construction services	103,095
Transfer to debt service fund	391,723
Transfer to capital reserve	288,049
Total expenditures	<u>782,867</u>
 Excess (deficiency) of revenues over (under) expenditures	(1,141,859)
 Fund balance - beginning	<u>1,216,014</u>
 Fund balance - ending	<u><u>\$ 74,155</u></u>
 <u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund balance - budgetary basis (Schedule F-2)	\$ 74,155
Receivables from other governments-state:	
GAAP basis (Schedule B-1)	-
Budgetary basis (Schedule K-4)	<u>-</u>
 Fund balance - GAAP basis (Schedule B-1)	<u><u>\$ 74,155</u></u>
 <u>Reconciliation of Financial Assistance Difference for GAAP Purposes</u>	
State financial assistance - budgetary basis (Schedule F-2)	\$ (358,992)
 Adjustment to GAAP basis	<u>277,344</u>
 State financial assistance - GAAP basis (Schedule B-2)	<u><u>\$ (81,648)</u></u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Roof Repairs for the Four District Schools
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources				
NJ SDA aid	\$ 413,482	\$ -	\$ 413,482	\$ 413,482
Local sources				
Voter approved change of purpose	1,000,000	-	1,000,000	1,000,000
Total revenues	<u>1,413,482</u>	<u>-</u>	<u>1,413,482</u>	<u>1,413,482</u>
Expenditures and other financing uses				
Purchased professional & technical services	17,569	-	17,569	17,569
Construction services	1,015,000	-	1,015,000	1,015,000
Transfer to debt service fund	-	380,913	380,913	380,913
Total expenditures	<u>1,032,569</u>	<u>380,913</u>	<u>1,413,482</u>	<u>1,413,482</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 380,913</u>	<u>\$ (380,913)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information

Project number	SP#203130
Project number	SP#203131
Project number	SP#203132
Grant date	7/18/2003
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	1,736,471
Revised authorized cost	1,413,482
Percentage completion	100%

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Renovations to the Three Existing Elementary Schools and the
Acquisition, Construction and Equipping of a New Middle School
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - NJ SDA aid	\$ 7,262,867	\$ (130,903)	\$ 7,131,964	\$ 7,131,964
Local sources - bond proceeds	32,259,000	-	32,259,000	32,259,000
Local sources - other	315	-	315	315
Total revenues	<u>39,522,182</u>	<u>(130,903)</u>	<u>39,391,279</u>	<u>39,391,279</u>
Expenditures and other financing uses				
Land purchase	3,224,134	-	3,224,134	3,224,134
Purchased professional & technical services	3,465,839	-	3,465,839	3,465,839
Insurance	28,085	-	28,085	28,085
Construction services	31,447,356	-	31,447,356	31,447,356
Land improvements - parking lot	101,690	-	101,690	101,690
Utility service relocation	44,610	-	44,610	44,610
Water & sewer connection fees	73,680	-	73,680	73,680
Real estate rollback taxes	104,593	-	104,593	104,593
Equipment & furniture purchases	683,594	-	683,594	683,594
Supplies	8,938	-	8,938	8,938
Fees & permits	197,950	-	197,950	197,950
Transfer to debt service fund		10,810	10,810	10,810
Total expenditures	<u>39,380,469</u>	<u>10,810</u>	<u>39,391,279</u>	<u>39,391,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 141,713</u>	<u>\$ (141,713)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information				
Project number			0920-030-03-1109	
Project number			0920-035-03-1110	
Project number			0920-040-03-1111	
Project number			0920-N01-03-1112	
Grant date			4/7/2003	
Bond authorized date			7/1/2003	
Bonds authorized			39,522,182	
Bonds issued			32,259,000	
Original authorized cost			39,522,182	
Revised authorized cost			39,391,279	
Percentage completion			100.00%	

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Various Renovations to the Four District Schools Including
Security Camera Systems, ADA Door Upgrades and ADA Restroom Upgrades
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital reserve	\$ 544,697	\$ -	\$ 544,697	\$ 544,697
Total revenues	<u>544,697</u>	<u>-</u>	<u>544,697</u>	<u>544,697</u>
Expenditures and other financing uses				
Purchased professional & technical services	90,200	-	90,200	90,200
Construction services	454,467	-	454,467	454,467
Transfer to capital reserve		30	30	30
Total expenditures	<u>544,667</u>	<u>30</u>	<u>544,697</u>	<u>544,697</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 30</u>	<u>\$ (30)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information

Project number	0920-030-13-1000
Project number	0920-035-13-1000
Project number	0920-040-13-1000
Project number	0920-050-13-1000
Grant date	N/A
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 454,497
Revised authorized cost	\$ 544,697
Percentage completion	100.00%

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Spruce Run School Security Upgrades
Including Vestibule and Exterior Doors
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital reserve	\$ 312,576	\$ -	\$ 312,576	\$ 312,576
State sources				
NJ SDA aid	208,384	(97,026)	111,358	111,358
Total revenues	<u>520,960</u>	<u>(97,026)</u>	<u>423,934</u>	<u>423,934</u>
Expenditures and other financing uses				
Purchased professional & technical services	46,000	-	46,000	46,000
Construction services	206,346	17,955	224,301	224,301
Other costs	212	-	212	212
Transfer to capital reserve	-	137,961	137,961	153,421
Total expenditures	<u>252,558</u>	<u>155,916</u>	<u>408,474</u>	<u>423,934</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 268,402</u>	<u>\$ (252,942)</u>	<u>\$ 15,460</u>	<u>\$ -</u>

Additional project information

Project number	0920-030-13-2002
Grant date	5/2/2014
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 520,960
Revised authorized cost	\$ 423,934
Percentage completion	96%

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Patrick Mc Gaهران School Security Upgrades
Including Vestibule and Exterior Doors
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital reserve	\$ 305,487	\$ -	\$ 305,487	\$ 305,487
State sources				
NJ SDA aid	203,658	(78,217)	125,441	125,441
Total revenues	<u>509,145</u>	<u>(78,217)</u>	<u>430,928</u>	<u>430,928</u>
Expenditures and other financing uses				
Purchased professional & technical services	45,000	-	45,000	45,000
Construction services	197,960	65,539	263,499	263,499
Other costs	213	-	213	213
Transfer to capital reserve	-	108,775	108,775	122,216
Total expenditures	<u>243,173</u>	<u>174,314</u>	<u>417,487</u>	<u>430,928</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 265,972</u>	<u>\$ (252,531)</u>	<u>\$ 13,441</u>	<u>\$ -</u>

Additional project information

Project number	0920-035-13-2004
Grant date	5/2/2014
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 509,145
Revised authorized cost	\$ 430,928
Percentage completion	97%

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Round Valley Middle School Security Upgrades
Including Vestibule and Exterior Doors
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital reserve	\$ 77,746	\$ -	\$ 77,746	\$ 77,746
Transfer from capital outlay	320,591	-	320,591	320,591
State sources				
NJ SDA aid	265,558	(52,846)	212,712	212,712
Total revenues	<u>663,895</u>	<u>(52,846)</u>	<u>611,049</u>	<u>611,049</u>
Expenditures and other financing uses				
Purchased professional & technical services	58,000	-	58,000	58,000
Construction services	446,597	19,601	466,198	466,198
Other costs	314	-	314	314
Transfer to capital reserve	-	41,283	41,283	86,537
Total expenditures	<u>504,911</u>	<u>60,884</u>	<u>565,795</u>	<u>611,049</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 158,984</u>	<u>\$ (113,730)</u>	<u>\$ 45,254</u>	<u>\$ -</u>

Additional project information

Project number	0920-040-13-2005
Grant date	41,761.00
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 663,895
Revised authorized cost	\$ 611,049
Percentage completion	93%

See independent auditors' report.

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Food Service Enterprise Fund
June 30, 2016

Assets	
Current assets	
Cash & cash equivalents	\$ 7,081
Due from other funds	213
Receivables from other governments	
State	545
Federal	7,962
Accounts receivable - other	755
Inventory	9,717
Total current assets	<u>26,273</u>
Noncurrent assets	
Capital assets	168,139
Less: accumulated depreciation	<u>156,147</u>
Total noncurrent assets	<u>11,992</u>
Total assets	<u>38,265</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	4,280
Unearned revenues - prepaid sales	<u>11,335</u>
Total liabilities	<u>15,615</u>
Net position	
Net investment in capital assets	11,992
Unrestricted	<u>10,658</u>
Total net position	<u>\$ 22,650</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Food Service Enterprise Fund
For the Fiscal Year Ended June 30, 2016

Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 238,498
Daily sales - non-reimbursable programs	134,518
Total operating revenues	<u>373,016</u>
Operating expenses	
Cost of sales - reimbursable programs	145,124
Cost of sales - non-reimbursable programs	81,853
Salaries	152,534
Support services - employee benefits	33,646
Purchased property services	20,087
Other purchased services	4,430
Insurance	2,437
Management fee	13,477
Supplies and materials	4,740
Depreciation expense	1,489
Miscellaneous expenditures	2,312
Total operating expenses	<u>462,129</u>
Operating income (loss)	<u>(89,113)</u>
Non-operating revenues (expenses)	
State sources	
State school lunch program	3,633
Federal sources	
National school lunch program	
Cash assistance	51,833
Non-cash assistance (commodities)	29,117
Other sources	
Interest earned on investments	246
Total non-operating revenues (expenses)	<u>84,829</u>
Change in net position	(4,284)
Net position, beginning	<u>26,934</u>
Net position, ending	<u><u>\$ 22,650</u></u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Food Service Enterprise Fund
For the Fiscal Year Ended June 30, 2016

Cash flows from operating activities	
Receipts from customers	\$ 376,359
Payment to Food Service Management Co.	(409,669)
Payments to vendors	(23,726)
Net cash provided by (used for) operating activities	<u>(57,036)</u>
Cash flows from noncapital related financing activities	
State sources	3,439
Federal sources	47,146
General fund interfund activity	(2,183)
Net cash provided by (used for) noncapital financing activities	<u>48,402</u>
Cash flows from investing activities	
Interest earned on investments	<u>246</u>
Net increase (decrease) in cash and cash equivalents	(8,388)
Cash and cash equivalents, beginning	<u>15,469</u>
Cash and cash equivalents, ending	<u><u>\$ 7,081</u></u>
Reconciliation of operating income to net cash	
Operating activities	
Operating income (loss)	\$ (89,113)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,489
Federal food donation program	29,117
(Increase) decrease in accounts receivable	(180)
(Increase) decrease in inventory	(3,846)
Increase (decrease) in unearned revenue	5,497
Net cash provided by (used for) operating activities	<u><u>\$ (57,036)</u></u>

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

CLINTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 93,842	\$ 104,877	\$ 48,407	\$ 247,126
Total assets	\$ 93,842	\$ 104,877	\$ 48,407	\$ 247,126
Liabilities				
Due to other funds	\$ -	\$ -	\$ 16,206	\$ 16,206
Accounts payable	916	-	-	916
Accumulated interest	-	-	375	375
Due to students groups	-	104,877	-	104,877
Payroll deductions & withholdings	-	-	31,826	31,826
Total liabilities	916	104,877	48,407	154,200
Net position				
Held in Trust for unemployment claims & other purposes	\$ 92,926	\$ -	\$ -	\$ 92,926

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Changes in Fiduciary Net Position
Unemployment Compensation Fund
For the Fiscal Year Ended June 30, 2016

Additions	
Employee contributions	\$ 24,704
Investment earnings - interest	253
Total additions	<u>24,957</u>
Deductions	
Unemployment claims	<u>25,661</u>
Change in net position before other financing sources (uses)	(704)
Other financing sources (uses)	
Transfer in from general fund	<u>60,000</u>
Change in net position after other financing sources (uses)	59,296
Net position - beginning of the year	<u>33,630</u>
Net position - end of the year	<u><u>\$ 92,926</u></u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 110,497	\$ 181,016	\$ 186,636	\$ 104,877
Total assets	\$ 110,497	\$ 181,016	\$ 186,636	\$ 104,877
Liabilities				
Due to Student Groups				
Spruce Run School	\$ 14,748	\$ 12,271	\$ 10,400	\$ 16,619
Patrick McGaheran School	13,584	16,396	17,452	12,528
Round Valley School	17,022	35,028	29,477	22,573
Clinton Twp. Middle School	65,143	117,321	129,307	53,157
Total liabilities	\$ 110,497	\$ 181,016	\$ 186,636	\$ 104,877

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 149,775	\$ 15,478,278	\$ 15,579,646	\$ 48,407
Total assets	\$ 149,775	\$ 15,478,278	\$ 15,579,646	\$ 48,407
Liabilities				
Due to other funds	\$ 16,206	\$ -	\$ -	\$ 16,206
Accumulated interest	318	57	-	375
Payroll deductions and withholdings	133,251	7,231,275	7,332,700	31,826
Net payroll	-	8,246,946	8,246,946	-
Total liabilities	\$ 149,775	\$ 15,478,278	\$ 15,579,646	\$ 48,407

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

CLINTON TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/15	Issued	Retired	Balance 6/30/16
			Date	Amount					
2006 Refunding issue of 2003 series	09/06/06	\$ 8,830,000				\$ 8,705,000	\$ -	\$ 8,705,000	\$ -
2011 Refunding issue of 2003 series	06/30/11	12,100,000	01/15/2017	\$ 925,000	4.00%	-	-	-	-
			01/15/2018	965,000	0.00%	-	-	-	-
			01/15/2019	1,015,000	5.00%	-	-	-	-
			01/15/2020	1,070,000	0.00%	-	-	-	-
			01/15/2021	1,130,000	0.00%	-	-	-	-
			01/15/2022	1,190,000	0.00%	-	-	-	-
			01/15/2023	1,255,000	0.00%	-	-	-	-
			01/15/2024	955,000	0.00%	9,395,000	-	890,000	8,505,000
2012 Refunding issue of 2003 series	12/22/11	10,630,000	01/15/2017	30,000	3.00%	-	-	-	-
			01/15/2018	30,000	2.00%	-	-	-	-
			01/15/2019	30,000	2.00%	-	-	-	-
			01/15/2020	30,000	2.25%	-	-	-	-
			01/15/2021	30,000	2.50%	-	-	-	-
			01/15/2022	35,000	2.75%	-	-	-	-
			01/15/2023	35,000	3.00%	-	-	-	-
			01/15/2024	400,000	3.25%	-	-	-	-
			01/15/2025	1,460,000	3.50%	-	-	-	-
			01/15/2026	1,520,000	3.625%	-	-	-	-
			01/15/2027	1,580,000	3.75%	-	-	-	-
			01/15/2028	1,650,000	3.875%	-	-	-	-
			01/15/2029	1,720,000	4.00%	-	-	-	-
01/15/2030	1,790,000	4.125%	10,370,000	-	30,000	10,340,000			

See independent auditor's report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds (continued)
For the Fiscal Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/15	Issued	Retired	Balance 6/30/16
			Date	Amount					
2015 Refunding issue of 2006 series	10/28/15	\$8,680,000	01/15/2017	\$ 20,000	2.000%	\$ -	\$ -	\$ -	\$ -
			01/15/2018	25,000	0.000%	-	-	-	-
			01/15/2019	25,000	3.000%	-	-	-	-
			01/15/2020	25,000	0.000%	-	-	-	-
			01/15/2021	25,000	0.000%	-	-	-	-
			01/15/2022	25,000	0.000%	-	-	-	-
			01/15/2023	30,000	0.000%	-	-	-	-
			01/15/2024	30,000	0.000%	-	-	-	-
			01/15/2025	30,000	0.000%	-	-	-	-
			01/15/2026	30,000	3.188%	-	-	-	-
			01/15/2027	35,000	3.161%	-	-	-	-
			01/15/2028	35,000	3.214%	-	-	-	-
			01/15/2029	35,000	0.000%	-	-	-	-
			01/15/2030	35,000	0.000%	-	-	-	-
			01/15/2031	1,950,000	3.256%	-	-	-	-
			01/15/2032	2,005,000	3.375%	-	-	-	-
			01/15/2033	2,065,000	4.00%	-	-	-	-
01/15/2034	2,135,000	4.00%	-	-	-	-			
						<u>8,680,000</u>	<u>120,000</u>	<u>8,560,000</u>	
						<u>\$ 28,470,000</u>	<u>\$ 8,680,000</u>	<u>\$ 9,745,000</u>	<u>\$ 27,405,000</u>

Analysis of Amount Retired

Budget expenditures	\$ 1,060,000
Deferred outflow for refunding of 2006 bonds	<u>8,685,000</u>
Total amount retired	<u>\$ 9,745,000</u>

See independent auditor's report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2016

Description	Interest Rate	Amount of Original Issue	Balance 7/1/15	Issued	Retired	Balance 6/30/16
Network Infrastructure and a tractor	1.82%	175,000	\$ -	\$ 175,000	\$ 59,267	\$ 115,733

See independent auditor's report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 2,161,018	\$ -	\$ 2,161,018	\$ 2,161,018	\$ -
Total revenues	<u>2,161,018</u>	<u>-</u>	<u>2,161,018</u>	<u>2,161,018</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	940,000	120,000	1,060,000	1,060,000	-
Interest on bonds	1,221,018	(120,000)	1,101,018	1,099,578	1,440
Total expenditures	<u>2,161,018</u>	<u>-</u>	<u>2,161,018</u>	<u>2,159,578</u>	<u>1,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,440</u>	<u>1,440</u>
Other financing sources (uses)					
Transfers in from capital projects fund	-	-	-	391,723	391,723
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>393,163</u>	<u>393,163</u>
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,163</u>	<u>\$ 393,163</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Budgeted fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,440</u>	<u>\$ 1,440</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government activities										
Net investment in capital assets	\$ 23,005,349	\$ 23,653,443	\$ 24,273,857	\$ 24,170,262	\$ 24,723,435	\$ 24,086,810	\$ 24,136,109	\$ 24,467,555	\$ 24,995,409	\$ 25,463,192
Restricted	1,178,068	468,803	439,811	360,271	725,276	687,759	1,623,134	1,999,577	2,473,779	1,604,605
Unrestricted	(1,185,100)	(376,947)	(115,575)	(86,029)	(369,994)	144,549	(1,095,792)	(7,316,596)	(6,572,794)	(5,061,778)
Total governmental activities	<u>\$ 22,998,317</u>	<u>\$ 23,745,299</u>	<u>\$ 24,598,093</u>	<u>\$ 24,444,504</u>	<u>\$ 25,078,717</u>	<u>\$ 24,919,118</u>	<u>\$ 24,663,451</u>	<u>\$ 19,150,536</u>	<u>\$ 20,896,394</u>	<u>\$ 22,006,019</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 14,089	\$ 19,873	\$ 15,177	\$ 10,481	\$ 13,481	\$ 11,992
Unrestricted	-	-	-	-	12,144	4,894	720	15,525	13,453	10,658
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,233</u>	<u>\$ 24,767</u>	<u>\$ 15,897</u>	<u>\$ 26,006</u>	<u>\$ 26,934</u>	<u>\$ 22,650</u>
District-wide										
Net investment in capital assets	\$ 23,005,349	\$ 23,653,443	\$ 24,273,857	\$ 24,170,262	\$ 24,737,524	\$ 24,106,683	\$ 24,151,286	\$ 24,478,036	\$ 25,008,890	\$ 25,475,184
Restricted	1,178,068	468,803	439,811	360,271	725,276	687,759	1,623,134	1,999,577	2,473,779	1,604,605
Unrestricted	(1,185,100)	(376,947)	(115,575)	(86,029)	(357,850)	149,443	(1,095,072)	(7,301,071)	(6,559,341)	(5,051,120)
Total district-wide	<u>\$ 22,998,317</u>	<u>\$ 23,745,299</u>	<u>\$ 24,598,093</u>	<u>\$ 24,444,504</u>	<u>\$ 25,104,950</u>	<u>\$ 24,943,885</u>	<u>\$ 24,679,348</u>	<u>\$ 19,176,542</u>	<u>\$ 20,923,328</u>	<u>\$ 22,028,669</u>

See independent auditors' report.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 9,584,955	\$ 10,475,635	\$ 10,043,370	\$ 10,217,601	\$ 10,295,742	\$ 11,059,953	\$ 11,072,542	\$ 10,427,487	\$ 11,982,686	\$ 12,405,176
Special education	3,540,796	3,291,525	3,484,836	3,416,750	3,299,597	4,125,625	4,555,119	4,493,701	4,767,628	5,046,886
Other special education	309,989	277,501	401,992	338,861	429,705	454,506	825,701	907,843	1,215,570	1,237,448
Other instruction	79,135	97,082	166,473	165,740	52,817	30,593	82,329	87,515	92,121	116,205
Support services										
Tuition	551,591	578,004	616,096	740,675	644,832	687,219	851,271	873,557	664,972	467,098
Student & instruction related services	3,553,613	4,312,277	4,283,237	4,969,819	4,866,959	5,117,953	5,209,914	5,733,507	6,322,668	6,845,608
General & business administrative services	1,835,510	1,574,369	1,466,054	1,508,265	1,572,965	1,682,380	1,265,380	1,162,128	1,282,779	1,579,339
School administration	1,145,778	1,278,280	1,313,750	1,410,570	1,340,834	1,330,348	1,344,527	1,338,075	1,694,187	1,630,779
Plant operations & maintenance	2,189,848	2,870,477	2,875,907	2,828,358	2,579,451	2,524,664	2,481,162	2,618,431	2,660,530	3,288,189
Pupil transportation	1,884,304	1,851,610	1,933,904	2,028,437	1,887,008	1,814,468	1,901,850	1,589,009	1,600,577	1,653,698
Food Services	21,317	32,126	28,885	32,154						
Special school		135,775	191,750	234,564	89,858	85,566	111,631	114,065	99,612	112,316
Interest on long-term debt	1,924,428	1,799,686	1,624,627	1,495,883	1,266,814	1,193,844	1,357,230	1,358,695	1,325,265	1,146,055
Total governmental activities expenses	<u>26,621,264</u>	<u>28,574,347</u>	<u>28,430,881</u>	<u>29,387,677</u>	<u>28,326,582</u>	<u>30,107,119</u>	<u>31,058,656</u>	<u>30,704,013</u>	<u>33,708,595</u>	<u>35,528,797</u>
Business-type activities										
Food service	-	-	-	-	485,150	481,361	468,526	428,496	421,896	462,129
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>485,150</u>	<u>481,361</u>	<u>468,526</u>	<u>428,496</u>	<u>421,896</u>	<u>462,129</u>
Total district expenses	<u>\$ 26,621,264</u>	<u>\$ 28,574,347</u>	<u>\$ 28,430,881</u>	<u>\$ 29,387,677</u>	<u>\$ 28,811,732</u>	<u>\$ 30,588,480</u>	<u>\$ 31,527,182</u>	<u>\$ 31,132,509</u>	<u>\$ 34,130,491</u>	<u>\$ 35,990,926</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 235,926	\$ 414,764	\$ 415,117	\$ 426,432	\$ 484,226	\$ 426,078	\$ 377,789	\$ 344,801	\$ 384,771	\$ 422,951
Special education instruction	86,936	-	86,190	31,666	123,977	156,779	67,775	89,808	70,279	257,962
Other instruction	-	7,667	-	-	46,806	-	63,806	-	-	-
Other support services-tuition	-	-	-	-	-	-	-	2,787	-	-
Student & instruction related services	-	-	-	48,583	51,253	46,292	43,275	47,144	26,097	3,357
General & business administrative services	273	1,825	83,074	38,777	39,878	40,817	38,000	5,312	-	-
Plant operations & maintenance	109,077	98,525	117,669	83,487	58,657	58,944	67,447	67,589	61,154	46,502
Pupil transportation	10,000	16,400	19,800	15,978	19,784	29,569	38,812	34,054	32,687	59,619
Special schools	-	-	-	-	-	-	-	7,340	-	1,582
Operating grants & contributions	611,063	735,230	765,351	955,369	1,034,344	764,091	644,603	837,903	802,768	615,914
Capital grants & contributions	3,653,616	119,127	102,062	-	-	-	-	59,895	444,426	(81,648)
Total governmental activities program revenues	<u>4,706,891</u>	<u>1,393,538</u>	<u>1,589,263</u>	<u>1,600,292</u>	<u>1,858,925</u>	<u>1,522,570</u>	<u>1,341,507</u>	<u>1,496,633</u>	<u>1,822,182</u>	<u>1,326,239</u>
Business-type activities										
Charges for services										
Food service	-	-	-	-	429,007	401,046	375,792	353,767	348,680	373,016
Operating grants & contributions	-	-	-	-	60,628	78,106	82,351	82,423	73,937	84,583
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,635</u>	<u>479,152</u>	<u>458,143</u>	<u>436,190</u>	<u>422,617</u>	<u>457,599</u>
Total district-program revenues	<u>\$ 4,706,891</u>	<u>\$ 1,393,538</u>	<u>\$ 1,589,263</u>	<u>\$ 1,600,292</u>	<u>\$ 2,348,560</u>	<u>\$ 2,001,722</u>	<u>\$ 1,799,650</u>	<u>\$ 1,932,823</u>	<u>\$ 2,244,799</u>	<u>\$ 1,783,838</u>
Net (expense) revenues										
Governmental activities	\$ (21,914,373)	\$ (27,180,809)	\$ (26,841,618)	\$ (27,787,385)	\$ (26,467,657)	\$ (28,584,549)	\$ (29,717,149)	\$ (29,207,380)	\$ (31,886,413)	\$ (34,202,558)
Business-type activities	-	-	-	-	4,485	(2,209)	(10,383)	7,694	721	(4,530)
Total district-wide net expenses	<u>\$ (21,914,373)</u>	<u>\$ (27,180,809)</u>	<u>\$ (26,841,618)</u>	<u>\$ (27,787,385)</u>	<u>\$ (26,463,172)</u>	<u>\$ (28,586,758)</u>	<u>\$ (29,727,532)</u>	<u>\$ (29,199,686)</u>	<u>\$ (31,885,692)</u>	<u>\$ (34,207,088)</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 18,273,534	\$ 21,122,013	\$ 21,102,628	\$ 21,533,969	\$ 22,145,328	\$ 22,311,013	\$ 22,281,013	\$ 22,530,498	\$ 22,580,498	\$ 22,918,742
Taxes levied for debt service	3,064,645	2,717,581	2,987,434	2,600,256	2,732,796	2,241,684	2,170,882	2,083,196	2,113,368	2,161,018
Unrestricted grants & contributions	3,603,834	3,755,960	3,398,695	3,384,872	2,416,664	3,856,577	5,291,912	5,326,061	8,822,963	10,066,633
Investment earnings	540,887	315,590	40,880	13,115	7,158	44,481	21,233	21,145	22,077	24,697
Miscellaneous income	86,698	38,971	182,299	247,523	440,747	275,186	100,756	98,724	143,115	234,274
Transfers in (out)	(1,000)	(10,000)	(16,000)	(145,939)	(100,000)	(75,000)	(45,000)	-	(50,000)	(60,000)
Special item-gain/(loss) on deletion of assets	12,136	(12,324)	(1,524)	-	-	-	-	(6,657)	250	(33,181)
Special item-gain/(loss) on transfer of assets	-	-	-	-	(21,713)	-	-	-	-	-
Special item-payment to refunding bond agent	(436,726)	-	-	-	(519,110)	(228,991)	-	-	-	-
Special item-insurance proceeds for flood damage	-	-	-	-	-	-	42,104	-	-	-
Total governmental activities	<u>25,144,008</u>	<u>27,927,791</u>	<u>27,694,412</u>	<u>27,633,796</u>	<u>27,101,870</u>	<u>28,424,950</u>	<u>29,862,900</u>	<u>30,052,967</u>	<u>33,632,271</u>	<u>35,312,183</u>
Business-type activities										
Investment earnings	-	-	-	-	35	435	188	183	207	246
Miscellaneous income	-	-	-	-	21,713	308	1,325	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,748</u>	<u>743</u>	<u>1,513</u>	<u>183</u>	<u>207</u>	<u>246</u>
Total district-wide	<u>\$ 25,144,008</u>	<u>\$ 27,927,791</u>	<u>\$ 27,694,412</u>	<u>\$ 27,633,796</u>	<u>\$ 27,123,618</u>	<u>\$ 28,425,693</u>	<u>\$ 29,864,413</u>	<u>\$ 30,053,150</u>	<u>\$ 33,632,478</u>	<u>\$ 35,312,429</u>
Change in net position										
Governmental activities	\$ 3,229,635	\$ 746,982	\$ 852,794	\$ (153,589)	\$ 634,213	\$ (159,599)	\$ 145,751	\$ 845,587	\$ 1,745,858	\$ 1,109,625
Business-type activities	-	-	-	-	26,233	(1,466)	(8,870)	7,877	928	(4,284)
Total district	<u>\$ 3,229,635</u>	<u>\$ 746,982</u>	<u>\$ 852,794</u>	<u>\$ (153,589)</u>	<u>\$ 660,446</u>	<u>\$ (161,065)</u>	<u>\$ 136,881</u>	<u>\$ 853,464</u>	<u>\$ 1,746,786</u>	<u>\$ 1,105,341</u>

See independent auditors' report.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Restricted	\$ 8,906	\$ 8,906	\$ 73,055	\$ 73,055	\$ 3,502	\$ 84,739	\$ 81,237	\$ -	\$ 190,892	\$ 190,892
Committed	79,245	53,821	104,284	229,430	619,580	522,371	1,447,831	929,792	1,925,077	1,137,287
Assigned	134,840	830,072	528,288	567,154	766,326	1,216,314	254,882	566,647	1,228,770	2,956,655
Unassigned	450,869	379,870	628,376	521,381	860,394	719,270	628,567	514,457	382,034	301,053
Total general fund	<u>\$ 673,860</u>	<u>\$ 1,272,669</u>	<u>\$ 1,334,003</u>	<u>\$ 1,391,020</u>	<u>\$ 2,249,802</u>	<u>\$ 2,542,694</u>	<u>\$ 2,412,517</u>	<u>\$ 2,010,896</u>	<u>\$ 3,726,773</u>	<u>\$ 4,585,887</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 2,248,638	\$ 552,125	\$ 552,497	\$ 523,320	\$ 425,439	\$ 418,561	\$ 418,561	\$ 1,384,815	\$ 938,670	\$ 74,155
Assigned, reported in										
Debt service fund	747,066	286,905	207,382	8,058	901	61,857	71,772	-	-	393,163
Total all other governmental funds	<u>\$ 2,995,704</u>	<u>\$ 839,030</u>	<u>\$ 759,879</u>	<u>\$ 531,378</u>	<u>\$ 426,340</u>	<u>\$ 480,418</u>	<u>\$ 490,333</u>	<u>\$ 1,384,815</u>	<u>\$ 938,670</u>	<u>\$ 467,318</u>

See independent auditors' report.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 21,338,179	\$ 23,839,594	\$ 24,090,062	\$ 24,134,225	\$ 24,878,124	\$ 24,552,697	\$ 24,451,895	\$ 24,613,694	\$ 24,693,866	\$ 25,079,760
Tuition charges	235,926	414,764	501,307	458,098	608,203	582,857	444,124	434,609	455,050	598,030
Transportation fees	10,000	16,400	19,800	15,978	15,978	26,317	-	-	-	23,904
Interest earnings	540,887	315,590	40,880	13,115	7,158	44,481	21,233	21,145	22,077	24,697
Miscellaneous	20,518	81,192	314,343	422,640	562,296	156,996	137,568	110,388	164,644	200,724
State sources	3,810,300	3,986,730	3,703,713	3,664,102	2,666,473	3,984,372	5,482,915	5,531,287	5,596,588	5,678,054
State sources-capital projects	3,653,616	119,127	102,062	-	-	-	-	59,895	444,426	(81,648)
Federal sources	399,656	442,214	432,002	622,422	731,633	609,711	414,257	584,847	520,420	450,501
Total revenues	30,009,082	29,215,611	29,204,169	29,330,580	29,469,865	29,957,431	30,951,992	31,355,865	31,897,071	31,974,022
Expenditures										
Instruction										
Regular instruction	6,520,666	6,768,244	7,133,712	6,994,248	6,882,570	7,361,905	7,367,340	6,925,038	6,816,399	6,557,053
Special education instruction	2,401,497	2,224,565	2,460,601	2,039,225	1,844,152	2,357,196	2,782,540	2,958,654	2,624,066	2,384,493
Other special instruction	215,185	221,028	278,481	233,327	270,107	284,442	521,774	580,738	641,572	608,461
School sponsored/other instructional	57,673	75,609	118,432	112,630	3,735	19,729	12,559	61,655	62,836	73,169
Support services										
Tuition	551,591	578,004	616,096	692,865	556,493	680,719	817,218	388,568	309,736	467,098
Student & inst related services	2,186,598	2,677,087	2,737,918	3,324,588	3,123,051	3,359,037	3,414,393	3,773,373	3,512,926	3,622,803
General administration	592,188	637,450	543,258	535,962	558,046	558,990	489,321	450,982	436,175	500,190
School administration services	846,082	937,436	951,734	1,013,008	884,959	853,486	895,970	865,515	964,085	837,796
Central services	387,425	367,992	439,975	424,616	425,335	369,223	366,229	381,322	387,377	394,432
Administrative information technology	351,404	257,582	158,753	122,012	102,284	132,882	31,644	22,610	19,668	19,637
Plant operations & maintenance	1,763,905	2,381,484	2,428,324	2,347,758	2,118,743	2,024,338	2,015,701	2,156,672	2,143,445	2,566,089
Pupil transportation	1,874,888	1,843,013	1,925,189	2,019,941	1,870,359	1,798,780	1,851,268	1,541,955	1,553,746	1,600,622
Employee benefits	3,334,055	3,455,706	3,743,903	3,984,681	4,320,723	4,716,982	4,580,270	4,560,740	4,579,954	4,807,583
Food service	10,858	14,900	19,102	22,392	-	-	-	-	-	-
On-behalf TPAF pension & social security contribution	1,940,221	2,037,056	1,469,916	1,518,172	1,532,804	1,877,027	2,395,022	2,191,134	2,457,829	2,882,586
Capital outlay	49,725	389,729	104,220	24,483	119,853	91,430	597,302	213,345	62,591	1,296,005
Special schools	-	108,902	135,731	161,276	59,163	56,029	72,806	70,411	52,892	56,380
Special revenue funds	611,063	735,230	765,351	955,369	1,034,344	764,091	639,308	837,903	802,768	615,914
Capital projects	15,077,572	1,843,402	101,690	29,177	259,437	153,082	-	638,412	906,897	215,464
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	1,354,800	1,279,799	1,439,800	1,245,000	1,280,000	1,225,000	860,000	880,000	905,000	1,119,267
Interest & other charges	1,687,384	2,065,909	1,634,400	1,555,395	1,531,519	997,297	1,358,693	1,363,977	1,337,377	1,188,587
Total expenditures	41,814,780	30,900,127	29,206,586	29,356,125	28,777,677	29,681,665	31,069,358	30,863,004	30,577,339	31,813,629

See independent auditors' report.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ (11,805,698)	\$ (1,684,516)	\$ (2,417)	\$ (25,545)	\$ 692,188	\$ 275,766	\$ (117,366)	\$ 492,861	\$ 1,319,732	\$ 160,393
Other financing sources (uses)										
Capital leases (non budgeted)	-	132,516	-	-	-	-	-	-	-	175,000
Insurance claim proceeds for storm damage	-	-	-	-	-	-	42,104	-	-	-
Premium on bonds and notes	140,358	4,135	600	-	1,210,666	-	-	-	-	305,937
Proceeds from refunding bond issue	8,830,000	-	-	-	12,100,000	10,630,000	-	-	-	8,680,000
Payment to refunding bond escrow agent	(8,775,726)	-	-	-	(13,149,110)	(10,308,991)	-	-	-	(8,873,568)
Discount on bond issue	-	-	-	-	-	(174,805)	-	-	-	-
Proceeds from deletion of capital assets	18,590	-	-	-	-	-	-	-	-	-
Transfers in (out)	(1,000)	(10,000)	(16,000)	(145,939)	(100,000)	(75,000)	(45,000)	-	(50,000)	(60,000)
Total other financing sources (uses)	212,222	126,651	(15,400)	(145,939)	61,556	71,204	(2,896)	-	(50,000)	227,369
Net change in fund balances	<u>\$ (11,593,476)</u>	<u>\$ (1,557,865)</u>	<u>\$ (17,817)</u>	<u>\$ (171,484)</u>	<u>\$ 753,744</u>	<u>\$ 346,970</u>	<u>\$ (120,262)</u>	<u>\$ 492,861</u>	<u>\$ 1,269,732</u>	<u>\$ 387,762</u>
Debt service as a percentage of non-capital expenditures	12.87%	13.21%	11.86%	10.57%	10.99%	8.17%	7.85%	8.08%	8.19%	8.24%

Source: District records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest income	\$ 184,357	\$ 151,759	\$ 34,237	\$ 12,300	\$ 7,072	\$ 44,481	\$ 21,233	\$ 21,145	\$ 22,077	\$ 24,697
Tuition	235,926	414,764	501,307	458,098	608,203	582,857	444,124	434,609	455,050	598,030
Transportation fees	10,000	16,400	19,800	15,978	15,978	26,317	-	-	-	23,904
Shared service charges from other LEA's	-	-	83,000	86,320	92,438	46,446	40,800	-	-	-
Employee contributions for health benefit	-	-	-	203,360	275,475	-	-	-	-	-
Book fines	-	-	-	-	-	21	-	-	-	-
Building use rental income	-	10,000	47,374	60,987	56,523	33,800	43,675	50,840	47,379	33,489
E-Rate telephone rebates	-	-	10,394	8,712	56,073	42,694	800	-	-	-
Donations	-	5,603	43,012	-	-	-	-	-	-	-
Payroll account balances	-	-	10	645	-	-	-	-	-	-
Prior year accounts receivable canceled	-	-	-	-	-	-	-	-	-	7,303
Prior year refunds	8,638	2,417	120	838	17,033	2,909	12,210	-	-	-
Prior year accounts payable canceled	-	325	31,932	6,439	3,370	2,646	-	10,952	225	-
Prior year outstanding checks canceled	6,489	-	5,246	600	73	-	-	-	900	-
Prior year insurance claims	-	-	-	-	3,706	-	-	-	-	-
Sale of assets	-	-	37,659	-	-	18	-	-	250	3,500
Student activity ski club stipends	-	-	12,600	-	-	-	-	-	-	-
Insurance rebates	-	-	11,793	-	3,321	-	-	-	-	-
Insurance proceeds-demolition of barn	-	-	-	-	-	-	-	-	50,000	131,951
Miscellaneous Refunds	-	-	-	-	700	120	162	-	-	-
Miscellaneous Other	450	286	2,872	1,022	682	1,757	578	766	4,984	868
Annual totals	\$ 445,860	\$ 601,554	\$ 841,356	\$ 855,299	\$ 1,140,647	\$ 784,066	\$ 563,582	\$ 518,312	\$ 580,865	\$ 823,742

Source: District records

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Vacant land	\$ 20,364,500	\$ 19,106,600	\$ 19,716,000	\$ 18,895,600	\$ 18,076,000	\$ 15,748,800	\$ 14,144,800	\$ 13,374,700	\$ 13,162,200	\$ 12,470,100
Residential	2,080,587,600	2,090,024,500	2,082,368,700	2,028,180,000	1,930,391,700	1,748,923,100	1,706,925,700	1,706,616,300	1,715,936,500	1,721,744,700
Farm regular	70,948,100	70,456,000	70,495,700	70,897,500	69,096,900	61,211,000	58,510,900	55,811,400	53,221,300	52,845,400
Q farm	2,861,516	2,533,216	2,452,816	2,515,500	2,499,600	2,482,100	2,473,500	2,393,000	2,408,900	2,387,900
Commercial	221,664,300	228,922,200	234,903,800	228,936,000	226,230,600	211,503,000	197,046,000	191,683,800	189,838,200	186,955,500
Industrial	162,969,600	164,242,500	164,242,500	164,242,500	158,714,500	147,366,600	143,348,600	147,099,700	155,426,500	155,319,700
Apartment	18,005,800	18,005,800	18,005,800	18,132,000	18,132,000	18,111,100	18,541,900	18,541,900	19,142,900	19,342,900
Total assessed value	2,577,401,416	2,593,290,816	2,592,185,316	2,531,799,100	2,423,141,300	2,205,345,700	2,140,991,400	2,135,520,800	2,149,136,500	2,151,066,200
Public utilities (a)	13,071,697	14,613,079	13,462,227	11,039,724	8,858,764	7,336,516	5,974,452	-	-	-
Net valuation taxable	\$ 2,590,473,113	\$ 2,607,903,895	\$ 2,605,647,543	\$ 2,542,838,824	\$ 2,432,000,064	\$ 2,212,682,216	\$ 2,146,965,852	\$ 2,135,520,800	\$ 2,149,136,500	\$ 2,151,066,200
Estimated actual county equalized value	\$ 2,788,155,777	\$ 2,655,695,163	\$ 2,548,647,650	\$ 2,510,347,819	\$ 2,350,284,312	\$ 2,144,092,354	\$ 2,178,554,898	\$ 2,181,551,537	\$ 2,243,591,711	\$ 2,239,993,960
Percentage of net valuation to estimated actual equalized value	92.91%	98.20%	102.24%	101.29%	103.48%	103.20%	98.55%	97.89%	95.79%	96.03%
Total direct school tax rate (b)	\$ 0.92	\$ 0.92	\$ 0.93	\$ 0.98	\$ 1.01	\$ 1.11	\$ 1.15	\$ 1.16	\$ 1.17	\$ 1.16

Source: Municipal tax assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County	
			Total Direct School Tax Rate					
2007	\$ 0.82	\$ 0.10	\$ 0.92	\$ 0.50	\$ 0.22	\$ 0.36	\$ 2.00	
2008	0.81	0.11	0.92	0.51	0.20	0.34	1.97	
2009	0.83	0.10	0.93	0.53	0.20	0.34	2.00	
2010	0.87	0.11	0.98	0.55	0.22	0.33	2.08	
2011	0.92	0.09	1.01	0.57	0.23	0.33	2.14	
2012	1.01	0.10	1.11	0.62	0.26	0.34	2.33	
2013	1.05	0.10	1.15	0.64	0.28	0.37	2.44	
2014	1.06	0.10	1.16	0.66	0.30	0.37	2.49	
2015	1.07	0.10	1.17	0.67	0.32	0.39	2.55	
2016	1.06	0.10	1.16	0.65	0.39	0.34	2.53	

Sources: Municipal tax collector

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 pre-budget by more than the spending growth limitation calculated as follows: The pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago**

	2016			2007		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Exxon Capital Corporation	\$ 112,100,000	1	5.21%	\$ 125,655,300	1	4.85%
111 Cokesbury LLC	22,586,800	2	1.05%	-		-
New York Life Insurance Company	21,603,500	3	1.00%	40,000,000	2	1.54%
East Coast - The Mews at Annandale	17,600,000	4	0.82%	-		-
ARCP OFC Annandale NJ LLC	16,075,400	5	0.75%	-		-
Transcontinental Gas Pipeline	11,973,000	6	0.56%	-		-
Hunterdon Medical Center	6,408,600	7	0.30%	-		-
Meridian Property Group LLC	6,350,000	8	0.30%	7,829,800	9	0.30%
Annandale Falls LLC	5,638,200	9	0.26%	-		-
American Golf Corp	4,680,000	10	0.22%	-		-
IR Funding Company LLC	-		-	25,650,000	3	0.99%
DC Toys East LLC	-		-	24,746,700	4	0.96%
Clinton Building Associates	-		-	20,858,900	5	0.81%
United Telephone Company of NJ	-		-	15,883,000	6	0.61%
NGP Realty Sub LP	-		-	8,263,900	7	0.32%
Chanco Development Corp	-		-	8,149,000	8	0.32%
Individual Property Owner #1	-		-	5,985,000	10	0.23%
	<u>\$ 225,015,500</u>		<u>10.46%</u>	<u>\$ 283,021,600</u>		<u>10.93%</u>

Source: Municipal tax assessor

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2006	\$ 49,411,013	\$ 48,983,098	99.13%
2007	52,091,060	51,679,715	99.21%
2008	51,446,910	50,955,818	99.05%
2009	52,058,339	51,313,261	98.57%
2010	53,031,523	52,325,739	98.67%
2011	52,027,312	51,283,243	98.57%
2012	51,641,864	50,925,292	98.61%
2013	52,445,842	51,806,694	98.78%
2014	53,294,158	52,682,663	98.85%
2015	54,865,585	54,401,332	99.15%

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

- (a) 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.

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2007	\$ 37,564,599	\$ -	\$ -	\$ 7,194,675	\$ -	\$ 44,759,274	3.39%	\$ 3,214
2008	36,284,800	-	98,670	1,782,471	-	38,165,941	4.02%	2,741
2009	34,845,000	-	69,192	1,782,471	-	36,696,663	3.84%	2,641
2010	33,600,000	-	38,256	540,000	-	34,178,256	3.86%	2,459
2011	31,790,000	-	5,789	540,000	-	32,335,789	3.68%	2,399
2012	31,115,000	-	-	540,000	-	31,655,000	3.42%	2,372
2013	30,255,000	-	-	540,000	-	30,795,000	3.11%	2,329
2014	29,375,000	-	-	540,000	-	29,915,000	3.01%	2,261
2015	28,470,000	-	-	-	-	28,470,000	2.79%	2,173
2016	27,405,000	-	115,733	-	-	27,520,733	N/A	2,113

NOTES: (1) Details regarding the district's outstanding debt can be found in the notes to the financial statements.

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

See accompanying notes to financial statements.

CLINTON TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 37,564,599	\$ -	\$ 37,564,599	1.45%	\$ 2,697
2008	36,284,800	-	36,284,800	1.39%	2,611
2009	34,845,000	-	34,845,000	1.34%	2,507
2010	33,600,000	-	33,600,000	1.32%	2,493
2011	31,790,000	-	31,790,000	1.31%	2,382
2012	31,115,000	-	31,115,000	1.41%	2,353
2013	30,255,000	-	30,255,000	1.41%	2,287
2014	29,375,000	-	29,375,000	1.38%	2,242
2015	28,470,000	-	28,470,000	1.32%	2,186
2016	27,405,000	-	27,405,000	1.27%	2,105

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

(a) See Exhibit J-6 for property tax data.

(b) Population data can be found in Exhibit J-14.

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental unit			
Debt repaid with property taxes			
Municipality	\$ 21,818,947	100.00	\$ 21,818,947
Regional High School	1,475,000	27.58	406,745
County general obligation debt	62,494,492	10.63	<u>6,642,764</u>
Subtotal, overlapping debt			28,868,456
School district direct debt			<u>28,445,000</u>
Total direct and overlapping debt			<u><u>\$ 57,313,456</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. Debt outstanding data provided by each 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 the municipality. 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.

- (a) 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.

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal debt margin calculation for fiscal year 2016

	Equalized valuation basis	
	2015	\$ 2,237,984,484
	2014	2,229,377,597
	2013	2,187,140,055
		<u>\$ 6,654,502,136</u>
Average equalized valuation of taxable property		<u>\$ 2,218,167,379</u>
Debt limit (3.0% of average equalization value)		\$ 66,545,021
Total net debt applicable to limit		<u>27,405,000</u>
Legal debt margin		<u>\$ 39,140,021</u>

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 73,531,161	\$ 70,319,904	\$ 67,727,114	\$ 66,543,114	\$ 66,545,021
Total net debt applicable	<u>32,015,879</u>	<u>31,155,879</u>	<u>30,275,879</u>	<u>29,370,879</u>	<u>27,405,000</u>
Legal debt margin	<u>\$ 41,515,282</u>	<u>\$ 39,164,025</u>	<u>\$ 37,451,235</u>	<u>\$ 37,172,235</u>	<u>\$ 39,140,021</u>
Total net debt applicable to the limit as a percentage of debt limit	43.54%	44.31%	44.70%	44.14%	41.18%

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 69,980,832	\$ 75,719,273	\$ 79,082,228	\$ 79,246,179	\$ 76,542,565
Total net debt applicable	<u>44,759,274</u>	<u>38,067,271</u>	<u>36,627,471</u>	<u>34,579,057</u>	<u>32,690,879</u>
Legal debt margin	<u>\$ 25,221,558</u>	<u>\$ 37,652,002</u>	<u>\$ 42,454,757</u>	<u>\$ 44,667,122</u>	<u>\$ 43,851,686</u>
Total net debt applicable to the limit as a percentage of debt limit	63.96%	50.27%	46.32%	43.63%	42.71%

Source: Equalized valuation bases were obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit Set by NJSA 18A:24-19

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2007	13,926	\$ 949,711,422	\$ 68,197	3.9%
2008	13,896	959,602,176	69,056	5.2%
2009	13,897	916,229,210	65,930	9.2%
2010	13,477	895,101,909	66,417	9.5%
2011	13,345	938,060,085	70,293	9.3%
2012	13,224	986,801,328	74,622	9.6%
2013	13,230	983,756,340	74,358	5.0%
2014	13,102	1,021,222,288	77,944	4.9%
2015	13,022	N/A	N/A	4.3%
2016	13,022	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago**

2016

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

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2007

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

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
Instruction										
Regular	141.0	110.5	109.0	106.5	111.5	110.0	103.5	107.9	94.0	91.1
Special education	54.0	77.1	87.4	76.0	71.5	92.6	100.6	85.2	59.5	58.2
Support services										
Student and instruction related services	28.0	32.6	33.6	32.9	31.3	29.0	27.7	30.3	55.3	46.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	11.0	12.0	12.0	11.0	11.0	11.0	11.0	11.0	13.0	13.5
Central services	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Administrative information technology	4.0	5.0	5.0	8.0	3.0	1.0	1.0	1.0	3.0	3.0
Plant operations and maintenance	16.0	24.4	25.4	22.9	17.0	24.5	14.5	19.8	32.2	30.0
Total	<u>262.00</u>	<u>268.60</u>	<u>279.40</u>	<u>264.30</u>	<u>252.30</u>	<u>275.10</u>	<u>265.30</u>	<u>262.15</u>	<u>263.95</u>	<u>248.80</u>

Source: District personnel records

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	1,818	\$ 23,645,299	\$ 13,006	8.24%	175	1.10.39	1,766.7	1,695.9	-2.06%	95.99%
2008	1,774	25,321,288	14,274	9.74%	178	1.9.97	1,753.7	1,683.6	-0.74%	96.00%
2009	1,749	25,926,476	14,824	3.85%	185	1.9.45	1,750.6	1,683.8	-0.18%	96.18%
2010	1,726	26,502,070	15,355	3.58%	180	1.9.60	1,718.7	1,648.2	-1.82%	95.90%
2011	1,678	25,586,868	15,248	-0.69%	179	1.9.32	1,677.6	1,608.4	-2.39%	95.88%
2012	1,566	27,214,856	17,379	13.97%	184	1.8.51	1,565.5	1,505.2	-6.68%	96.15%
2013	1,602	28,253,363	17,636	1.48%	163	1.9.83	1,624.5	1,558.3	3.77%	95.92%
2014	1,550	27,767,270	17,914	1.58%	157	1.9.87	1,542.7	1,481.1	-5.03%	96.01%
2015	1,471	27,365,474	18,603	3.85%	146	1.10.08	1,450.2	1,372.3	-6.00%	94.63%
2016	1,405	27,994,306	19,925	7.11%	143	1.9.83	1,402.0	1,348.7	-3.32%	96.20%

Source: District records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years**

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Spruce Run School (1955)										
Square feet	55,445	55,445	55,445	55,445	55,445	55,445	55,445	55,445	55,445	55,445
Capacity (students)	444	444	444	444	444	444	444	444	444	444
Enrollment	528	351	358	326	312	301	303	292	251	263
Patrick McGaheran School (1988)										
Square feet	67,623	67,623	67,623	67,623	67,623	67,623	67,623	67,623	67,623	67,623
Capacity (students)	541	541	541	541	541	541	541	541	541	541
Enrollment	624	382	338	334	343	301	284	288	293	258
Round Valley School (1965)										
Square feet	107,806	107,806	107,806	107,806	107,806	107,806	107,806	107,806	107,806	107,806
Capacity (students)	506	506	506	506	506	506	506	506	506	506
Enrollment	653	613	612	605	562	556	558	539	496	469
Clinton Township Middle School (2007)										
Square feet		123,284	123,284	123,284	123,284	123,284	123,284	123,284	123,284	123,284
Capacity (students)		640	640	640	640	640	640	640	640	640
Enrollment		428	444	445	463	462	457	425	413	415
Number of Schools at June 30, 2016										
Elementary =	3									
Middle =	1									

Source: District facilities office

NOTE: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Spruce Run School</u>	<u>Patrick McGaheeran School</u>	<u>Round Valley School</u>	<u>Clinton Township Middle School</u>	<u>Total</u>
2007	\$ 92,655	\$ 133,279	\$ 112,692	\$ -	\$ 338,626
2008	108,059	98,330	193,521	93,777	493,687
2009	103,222	166,417	113,929	92,220	475,788
2010	99,781	131,899	115,025	116,673	463,378
2011	77,364	71,681	106,628	87,917	343,590
2012	86,308	80,195	142,226	90,873	399,602
2013	85,939	100,474	114,858	101,240	402,511
2014	58,124	93,727	145,003	158,257	455,111
2015	93,171	124,614	153,352	169,418	540,555
2016	137,266	185,383	246,232	313,273	882,154
Total school facilities	<u>\$ 941,889</u>	<u>\$ 1,185,999</u>	<u>\$ 1,443,466</u>	<u>\$ 1,223,648</u>	<u>\$ 4,795,002</u>

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

Source: District records

CLINTON TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - NJ Schools Insurance Group		
Insurance Group:		
Property - Building Blanket and Contents	\$ 400,000,000	\$ 5,000
Electronic Data Processing	1,000,000	1,000
Equipment Breakdown	100,000,000	5,000
Comprehensive General Liability	11,000,000	-
Comprehensive Auto Liability	11,000,000	-
Crime coverage	1,000,000	1,000
Excess Liability - NJUEP:		
Property damage	29,000,000	-
School Board Legal Liability - NJ Schools Insurance Group		
Insurance Group:		
Directors and Officers Policy	11,000,000	5,000
Environmental Impairment Policy - NJ Schools Insurance Group		
Insurance Group Through Steadfast Insurance:		
Aggregate limit	11,000,000	25,000
Workers Compensation - NJ Schools Insurance Group		
Insurance Group:		
Employers Liability	2,000,000	-
Disease Each Employee	2,000,000	-
Disease Policy Limit	2,000,000	-
Supplemental Indemnity - Chubb Insurance Company:		
Benefit period	52 weeks	7 day waiting
Student Accident Insurance - Monumental Life Insurance Company:		
Policy limit	1,000,000	25,000
Public Employees' Faithful Performance - NJ Schools Insurance Group:		
School Board Secretary/Business Administrator	230,000	-

Source: District records

See independent auditors' report.



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

Honorable President and
Members of the Board of Education
Clinton Township School District
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental Activities, the Business-type Activities, and the aggregate remaining fund information of the Clinton Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clinton Township 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies as finding No. 2016 - 001.

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 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 Office of School Finance, Department of Education, State of New Jersey.


Clinton Township School District's Response to Findings

Clinton Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Clinton Township School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

November 18, 2016
Flemington, New Jersey



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by The Uniform Guidance and New Jersey
OMB Circular Letter 15-08**

Honorable President and
Members of the Board of Education
Clinton Township School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major Federal Program and State Program

We have audited the Clinton Township School District's (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major federal and New Jersey programs for the year ended June 30, 2016. Clinton Township School District's major federal 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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and New Jersey programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Clinton Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and New Jersey programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC

William Colantano
William M. Colantano, Jr.
Public School Accountant
No. CS 0128

November 18, 2016
Flemington, New Jersey

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period From To	Balance 06/30/15	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2016		
												Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education														
Special revenue fund														
NCLB Title I A	84.010A	S010S150030	NCLB-187015	\$ 26,542	07/01/14-06/30/15	\$ (26,257)	\$ -	\$ 26,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NCLB Title I A	84.010A	S010S150030	NCLB-187016	23,378	07/01/15-06/30/16	-	-	23,378	23,378	-	-	-	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-187014	21,468	07/01/12-06/30/13	1,670	-	-	1,670	-	-	-	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-187014	21,218	07/01/13-06/30/14	28	-	-	28	-	-	-	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-187015	21,241	07/01/14-06/30/15	(3,894)	-	3,894	-	-	-	-	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-187016	21,046	07/01/15-06/30/16	-	-	21,046	21,046	-	-	-	-	-
IDEA Basic	84.027	H027A150100	IDEA-187015	414,648	07/01/14-06/30/15	(28,375)	-	28,375	-	-	-	-	-	-
IDEA Basic	84.027	H027A150100	IDEA-187016	418,610	07/01/15-06/30/16	-	-	418,610	388,559	-	-	-	30,051	-
IDEA Preschool	84.173	H173S150114	IDEA-187015	12,064	07/01/14-06/30/15	(1,095)	-	2,023	928	-	-	-	-	-
IDEA Preschool	84.173	H173S150114	IDEA-187016	12,388	07/01/15-06/30/16	-	-	12,388	12,388	-	-	-	-	-
Total special revenue fund						<u>(57,923)</u>	<u>-</u>	<u>535,971</u>	<u>447,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,051</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Education														
Enterprise fund														
Child nutrition center														
National school lunch program non-cash assistance	10.555	1616NJ304N1099	N/A	31,091	07/01/15-06/30/16	-	-	31,091	26,811	-	-	-	4,280	-
National school lunch program non-cash assistance	10.555	1616NJ304N1099	N/A	25,288	07/01/14-06/30/15	2,306	-	-	2,306	-	-	-	-	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	51,833	07/01/15-06/30/16	-	-	43,871	51,833	-	-	(7,962)	-	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	44,966	07/01/14-06/30/15	(3,275)	-	3,275	-	-	-	-	-	-
Total enterprise fund						<u>(969)</u>	<u>-</u>	<u>78,237</u>	<u>80,950</u>	<u>-</u>	<u>-</u>	<u>(7,962)</u>	<u>4,280</u>	<u>-</u>
Total Federal financial assistance						<u>\$ (58,892)</u>	<u>\$ -</u>	<u>\$ 614,208</u>	<u>\$ 528,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,962)</u>	<u>\$ 34,331</u>	<u>\$ -</u>

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2015		Cash Received	Budgetary Expenditure	Repay Prior Year Balance	Balance June 30, 2016			Memo		
				Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
State Department of Education														
General fund														
Special Education categorical aid	16-495-034-5120-089	\$ 780,827	07/01/15-06/30/16	\$ -	\$ -	\$ 705,823	\$ 780,827	\$ -	\$ -	\$ -	\$ -	\$ 75,004	\$ 780,827	
Adjustment aid	16-495-034-5120-085	442,544	07/01/15-06/30/16	-	-	400,035	442,544	-	-	-	-	42,509	442,544	
Security aid	16-495-034-5120-084	82,468	07/01/15-06/30/16	-	-	74,546	82,468	-	-	-	-	7,922	82,468	
School choice aid	16-495-034-5120-068	806,992	07/01/15-06/30/16	-	-	729,475	806,992	-	-	-	-	77,517	806,992	
Transportation aid	16-495-034-5120-014	147,078	07/01/15-06/30/16	-	-	132,950	147,078	-	-	-	-	14,128	147,078	
PARCC Readiness aid	16-495-034-5120-098	14,050	07/01/15-06/30/16	-	-	12,701	14,050	-	-	-	-	1,349	14,050	
Per pupil growth aid	16-495-034-5120-097	14,050	07/01/15-06/30/16	-	-	12,701	14,050	-	-	-	-	1,349	14,050	
Extraordinary aid	16-495-034-5120-044	360,137	07/01/15-06/30/16	-	-	-	360,137	-	(360,137)	-	-	-	360,137	
Extraordinary aid	15-495-034-5120-044	599,821	07/01/14-06/30/15	(599,821)	-	599,821	-	-	-	-	-	-	599,821	
Nonpublic remote transportation	16-495-034-5120-014	5,400	07/01/15-06/30/16	-	-	-	5,400	-	(5,400)	-	-	-	5,400	
Nonpublic remote transportation	15-495-034-5120-014	17,349	07/01/14-06/30/15	(17,349)	-	17,349	-	-	-	-	-	-	17,349	
On behalf TPAF pension contribution - Teachers' pension & annuity fund	16-495-034-5094-002	914,162	07/01/15-06/30/16	-	-	914,162	914,162	-	-	-	-	-	914,162	
On behalf TPAF pension contribution - Non-contributory insurance	16-495-034-5094-004	45,538	07/01/15-06/30/16	-	-	45,538	45,538	-	-	-	-	-	45,538	
On behalf TPAF pension contribution - Post retirement medical	16-495-034-5094-001	1,142,738	07/01/15-06/30/16	-	-	1,142,738	1,142,738	-	-	-	-	-	1,142,738	
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	780,148	07/01/15-06/30/16	-	-	741,482	780,148	-	(38,666)	-	-	-	780,148	
Reimbursed TPAF Social Security contribution	15-495-034-5094-003	815,636	07/01/14-06/30/15	(40,342)	-	40,342	-	-	-	-	-	-	815,636	
Total general fund				(657,512)	-	5,569,663	5,536,132	-	(404,203)	-	-	219,778	6,968,938	
Special revenue fund														
NJ nonpublic aid														
Textbook aid	15-100-034-5120-064	27,108	07/01/14-06/30/15	-	1,053	-	-	1,053	-	-	-	-	26,055	
Textbook aid	16-100-034-5120-064	26,437	07/01/15-06/30/16	-	-	26,437	22,727	-	-	-	3,710	-	22,727	
Nursing services	15-100-034-5120-070	43,253	07/01/14-06/30/15	-	2,293	-	-	2,293	-	-	-	-	40,960	
Nursing services	16-100-034-5120-070	41,940	07/01/15-06/30/16	-	-	41,940	39,243	-	-	-	2,697	-	39,243	
Technology initiative	15-100-034-5120-373	14,560	07/01/14-06/30/15	-	637	-	-	637	-	-	-	-	13,923	
Technology initiative	16-100-034-5120-373	12,038	07/01/15-06/30/16	-	-	12,038	11,044	-	-	-	994	-	11,044	
Security aid	16-100-034-5120-509	11,650	07/01/15-06/30/16	-	-	11,650	11,325	-	-	-	325	-	11,325	
Auxiliary services aid cluster														
Compensatory education	15-100-034-5120-067	48,373	07/01/14-06/30/15	-	7,972	-	-	7,972	-	-	-	-	40,401	
Compensatory education	16-100-034-5120-067	52,454	07/01/15-06/30/16	-	-	52,454	35,533	-	-	-	16,921	-	35,533	
English as a second language	15-100-034-5120-067	1,827	07/01/14-06/30/15	-	1,827	-	-	1,827	-	-	-	-	-	
Handicapped services aid cluster														
Examination & classification	16-100-034-5120-066	46,357	07/01/15-06/30/16	-	-	46,357	18,929	-	-	-	27,428	-	18,929	
Corrective speech	15-100-034-5120-066	31,806	07/01/14-06/30/15	-	15,081	-	-	15,081	-	-	-	-	-	
Corrective speech	16-100-034-5120-066	35,115	07/01/15-06/30/16	-	-	35,115	7,525	-	-	-	27,590	-	7,525	
Supplemental instruction	16-100-034-5120-066	31,931	07/01/15-06/30/16	-	-	31,931	-	-	-	-	31,931	-	-	
Total special revenue fund				-	28,863	257,922	146,326	28,863	-	-	111,596	-	267,665	

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B (Continued)
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2015			Budgetary Expenditure	Repay Prior Year Balance	Balance June 30, 2016			Memo	
				Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
NJ School Development Authority													
Capital projects fund													
Building addition/construction project													
Spruce Run school renovations	0920-030-03-1109	\$ 559,304	N/A	\$ (80,998)	\$ -	\$ 25,169	\$ (55,829)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 559,304
Round Valley school renovations	0920-040-03-1111	897,795	N/A	(578,857)	-	503,783	(75,074)	-	-	-	-	-	897,795
New middle school construction	0920-N01-03-1112	5,356,094	N/A	(241,024)	-	241,024	-	-	-	-	-	-	5,356,094
Roof renovation project													
Spruce Run School	SP #203130	59,477	N/A	(26,668)	-	26,668	-	-	-	-	-	-	32,809
Patrick McGaheran School	SP #203131	188,568	N/A	(7,297)	-	7,297	-	-	-	-	-	-	181,271
Round Valley School	SP #203132	165,437	N/A	(70,100)	-	70,100	-	-	-	-	-	-	95,337
Security upgrades including vestibule and exterior doors project													
Spruce Run School	0920-030-13-2002	111,358	N/A	(208,384)	-	111,358	(97,026)	-	-	-	-	-	111,358
Patrick McGaheran School	0920-035-13-2004	125,441	N/A	(203,658)	-	125,441	(78,217)	-	-	-	-	-	125,441
Round Valley School	0920-040-13-2005	212,712	N/A	(265,558)	-	212,712	(52,846)	-	-	-	-	-	212,712
Total capital projects fund				<u>(1,682,544)</u>	<u>-</u>	<u>1,323,552</u>	<u>(358,992)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,572,121</u>
State Department of Agriculture													
Enterprise fund													
State school lunch program	16-100-010-3350-023	3,633	07/01/15-06/30/16	-	-	3,088	3,633	-	(545)	-	-	-	3,633
State school lunch program	15-100-010-3350-023	3,440	07/01/14-06/30/15	(351)	-	351	-	-	-	-	-	-	3,440
Total enterprise fund				<u>(351)</u>	<u>-</u>	<u>3,439</u>	<u>3,633</u>	<u>-</u>	<u>(545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,073</u>
Total State financial assistance				<u>\$ (2,340,407)</u>	<u>\$ 28,863</u>	<u>\$ 7,154,576</u>	<u>5,327,099</u>	<u>\$ 28,863</u>	<u>\$ (404,748)</u>	<u>\$ -</u>	<u>\$ 111,596</u>	<u>\$ 219,778</u>	<u>\$ 14,815,797</u>
Less: On behalf TPAF Pension system contributions							<u>(2,102,438)</u>						
Total for State financial assistance - major program determination							<u>\$ 3,224,661</u>						

See independent auditors' report.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

Note 1 - General

The accompanying Schedules of Financial Assistance present the activity of all Federal and State financial assistance programs of the Board of Education, Clinton Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from Federal agencies, as well as federal financial assistance passed through other government agencies, is included on the Schedule of Federal Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

Note 3 - Relationship of financial statements

The financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules 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 last State aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch. 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferred and recording of the last State aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the Grant Accounting Budgetary Basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$122 for the General Fund, (\$28,453) for the Special Revenue Fund and \$277,344 for the Capital Project Fund. For a reconciliation of the budgetary basis to the modified accrual basis of accounting, see Exhibit C-3 for the General and Special Revenue Funds and Exhibit F-2 for the Capital Project Fund.

CLINTON TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

Note 3 - Relationship of financial statements

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ 5,536,254	\$ 5,536,254
Special Revenue Fund	23,613	450,501	141,800	615,914
Capital Project Fund	-	-	(81,648)	(81,648)
Food Service Fund	-	80,950	3,633	84,583
Total	<u>\$ 23,613</u>	<u>\$ 531,451</u>	<u>\$ 5,600,039</u>	<u>\$ 6,155,103</u>

Note 4 - Relationship to Federal and State financial reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related Federal and State financial reports.

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2016.

**CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:	<u>Unmodified</u>		
Internal Control Over Financial Reporting:			
1. Material weakness(es) identified?	_____ Yes	<u> X </u> No	
2. Reportable conditions identified that are not considered to be material weaknesses?	<u> X </u> Yes	_____ No	
Noncompliance Material to General - purpose Financial Statements Noted?	_____ Yes	<u> X </u> No	

Federal Awards

Internal Control Over Major Programs:	<u>Not Applicable</u>		
1. Material weakness(es) identified?	_____ Yes	_____ No	
2. Reportable conditions identified that are not considered to be material weaknesses?	_____ Yes	_____ No	
Type of Auditor's Report Issued on Compliance for Major Programs?	_____		
Any Audit Findings Disclosed that are Required to be Reported in Accordance with the Uniform Guidance?	_____ Yes	_____ No	

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
	Not Applicable	

Dollar threshold used to distinguish between Type A and Type B programs:	_____		
Auditee qualified as a low-risk auditee	_____ Yes	_____ No	

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>		
Auditee qualified as a low-risk auditee	_____ Yes	<u> X </u> No	

**CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

State Awards (continued)

Type of Auditor's Report issued on Compliance for Major Programs: Unmodified

Internal Control Over Major Programs:

- | | | | | | | |
|--|-------|-----|-------|---|-------|----|
| 1. Material weakness(es) identified? | _____ | Yes | _____ | X | _____ | No |
| 2. Reportable conditions identified that are not considered to be material weaknesses? | _____ | Yes | _____ | X | _____ | No |

Any Audit Findings Disclosed that are Required to be Reported in Accordance with NJ OMB Circular Letter 15-08? Yes X No

Identification of Major Programs:

GMIS Numbers	Amount	Name of State Program
16-495-034-5120-089	\$ 780,827	Special Education Aid
16-495-034-5094-003	780,148	Social Security Aid
16-495-034-5120-044	360,137	Extraordinary Aid
16-495-034-5120-068	806,992	School Choice Aid

Section II - Financial Statement Findings

There was one finding or questioned costs related to internal control for the year ended June 30, 2016.

Finding # 2016-1: The District was reimbursed for more than the amount expended in the IDEA Basic special revenue federal grant for fiscal year ended June 30, 2016.

Criteria: Federal grant awards are paid out on a reimbursement basis in which the District must report their expenditures prior to receiving the reimbursement.

Condition: The IDEA Basic grant was reimbursed for \$30,051 more than the amount expended in the program.

Cause: The third party vendor contracted to expend the non-public portion of the grant had un-expended funds at year-end that were returned to the District.

Effect: The District received more in IDEA Basic grant funds than they expended for the current fiscal year and will have their subsequent year's reimbursements reduced by the amount of the over-reimbursement.

Recommendation: Procedures should be implemented to ensure that the IDEA Basic federal grant is not reimbursed for more than the amount expended.

Views of Responsible Officials and Planned Corrective Action: (unaudited):

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

CLINTON TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2016.

**CLINTON TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016**

Schedule of Prior Year Findings and Questioned Costs

State Financial Assistance Programs

Finding # 2015-1

Information on the State Program

Extraordinary Aid GMIS Number 15-100-034-5120-473

Condition

The costs reported on the Extraordinary aid application for several special education students were inaccurate.

Current Status

The condition has been corrected.