

**CLINTON TOWNSHIP  
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by  
Clinton Township School District  
Department of Administration**

**CLINTON TOWNSHIP  
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2017**

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**CLINTON TOWNSHIP  
BOARD OF EDUCATION**

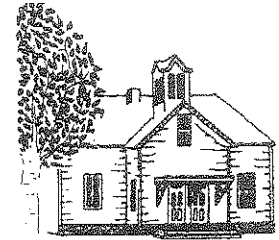
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# Clinton Township Board of Education



*“Where Children Come First”*

Dr. Pamela Canada Fiander  
Superintendent of Schools

Edward F. McManus  
School Business Administrator/Board Secretary

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November 15, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Clinton Township School District for the fiscal year ending June 30, 2017, 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 Circular 15-08, “Single Audit Policy for recipients for 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 Governmental Accounting Standards Board (GASB). 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 2016-2017 with an enrollment of 1,347 students. The following details the changes in the student enrollment of the district over the last fourteen years.

**Average Daily Enrollment**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,347	-3.92%
2015-2016	1,402	-3.33%
2014-2015	1,450	-6.00%
2013-2014	1,542	-5.03%
2012-2013	1,624	3.77%
2011-2012	1,565	-6.68%
2010-2011	1,677	-2.39%
2009-2010	1,718	-1.83%
2008-2009	1,750	-.18%
2007-2008	1,753	-.74%
2006-2007	1,766	-2.05%
2005-2006	1,803	2.20%
2004-2005	1,765	-.45%
2003-2004	1,773	-1.02%

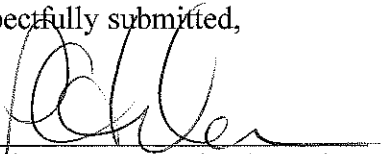
- 2) **ECONOMIC CONDITION AND OUTLOOK:** Nationwide the economy is strong, but Clinton Township has been on the short side of a migration of jobs towards urban areas, such as New York City. Office building vacancies continue to proliferate in the Hunterdon County area due to this migration. Parents are marrying later in life and having fewer children, and this is a development throughout the State of New Jersey. The District has experienced a 25% reduction in enrollment over the last 12 years and a school closure has become a consideration for the District. The most recent District Demographic Study conducted in August 2014 forecasted the decline and shows the decline continuing through the 2018-2019 school year.

- 3) **MAJOR INITIATIVES:** The 2016-2017 school year focused on student achievement and the district's progress towards the educational needs of the 21<sup>st</sup> century learner through professional development for staff and alignment of curriculum across all grade levels. Cross-curricular lessons and integration of technology were implemented to accomplish this goal. Teacher and principal evaluations focused on the use of the online Teachscape system. Technology initiatives included the use of GoogleDocs and purchase of Chromebooks for students to support online assessment.
  
- 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 judgements by management. As a recipient of state and federal 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. 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 state and federal 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, 2017.
  
- 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."
  
- 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-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 2US 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) **ACKNOWLEDGEMENTS**: 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,

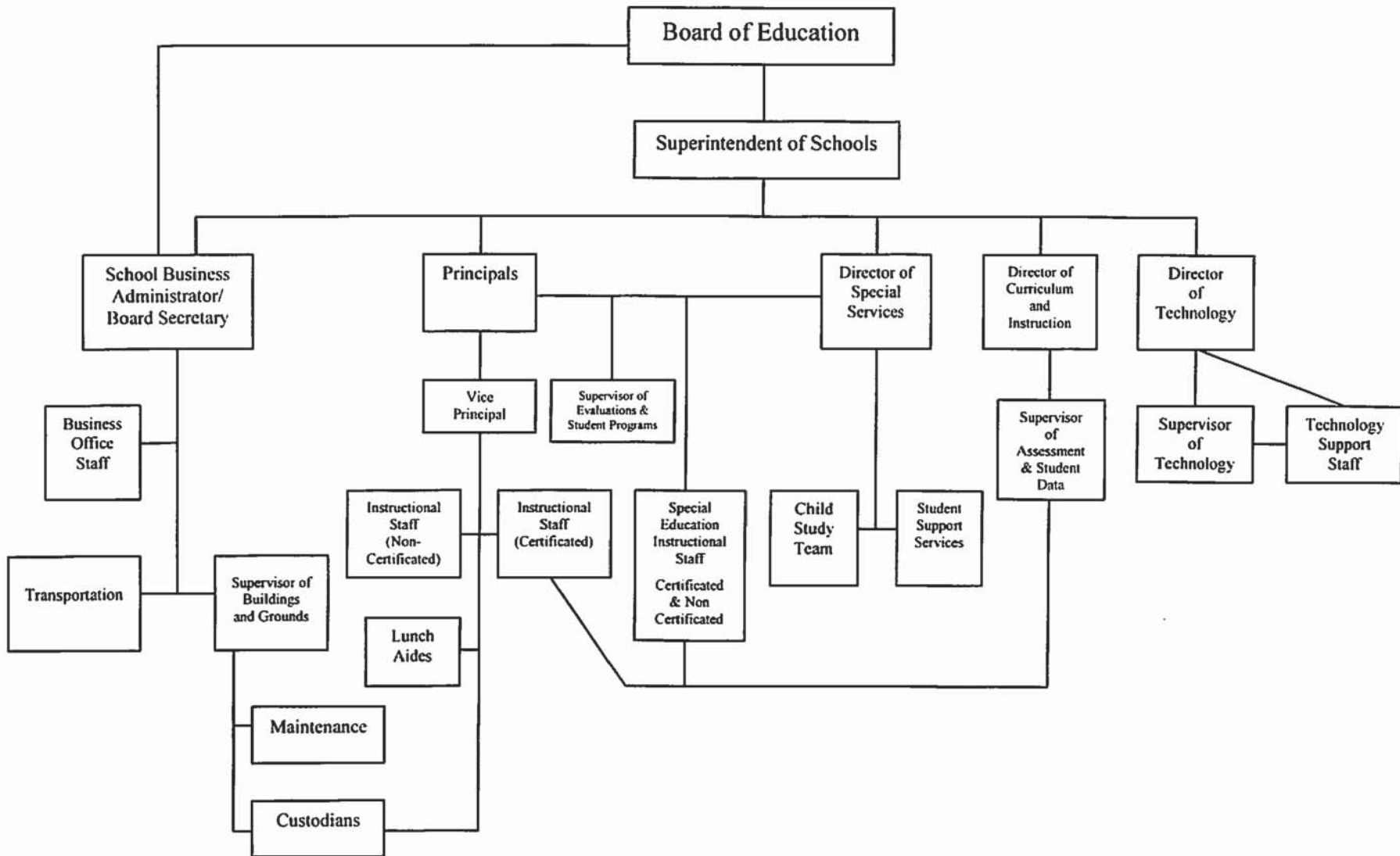


Pamela R. Canada Fiander, Ed.D.  
Superintendent of Schools



Edward F. McManus  
Business Administrator/Board Secretary

**ORGANIZATION CHART  
CLINTON TOWNSHIP SCHOOL DISTRICT**



**CLINTON TOWNSHIP BOARD OF EDUCATION**  
**Roster of Officials**  
**June 30, 2017**

<u>Name</u>	<u>Term Expires</u>
Maria Grant, President	2017
Rachel McLaughlin, Vice President	2018
Alicia Demmerle	2019
Kevin Maloy	2019
Maria McHugh	2017
Kathy Miller	2019
Alissa Olawski	2018
Yehara Raddalgoda	2018
Susan Vanderoef	2017

Other Officials

Dr. Gina Villani, Superintendent of Schools

Anthony Juskiewicz, School Business Administrator/Board Secretary

Porzio, Bromberg and Newman, Board Attorney

**CLINTON TOWNSHIP BOARD OF EDUCATION**  
**Consultants and Advisors**  
**June 30, 2017**

Audit Firm: Bedard, Kurowicki & Co., CPA's, PC  
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

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



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## **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, 2017, 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. 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, 2017, 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 Principals and Audit Requirements for Federal Awards and schedule of state awards required by New Jersey Department of the Treasury OMB 15-08 is 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, 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 15, 2017, 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., CPA  
Public School Accountant  
No. CS 0128

November 15, 2017  
Flemington, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**



**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**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, 2017. 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 2017 are as follows:

- In total, net position decreased by \$2,026,556, which represents a 9.20 percent decrease from fiscal year 2016.
- General revenues accounted for \$37,884,284 in revenue or 95.18 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 \$1,917,788 or 4.82 percent to total revenues of \$39,802,072.
- Total assets of governmental activities decreased by \$2,748,125 as cash and cash equivalents decreased by \$1,982,788; receivables decreased by \$132,406 and capital assets decreased by \$632,931.
- The School District had \$41,836,428 in expenses; only \$1,917,788 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$37,884,284 were adequate to provide for these programs.
- Among major funds, the General Fund had \$29,321,804 in revenues and \$31,378,382 in expenditures. After considering net other financing sources of \$49,155, the General Fund's balance decreased by \$2,007,423 from fiscal year 2016. This decrease was anticipated by the Board of Education. It is mostly the result of retroactive salary payments which were due upon the ratification of a 3-year employment agreement.

**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

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**Unaudited**

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.

**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 2017?" 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, 2017**  
**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 decreased by \$2,026,556. 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, decreased by \$2,860,606.

The decrease in unrestricted net position can mostly be attributed to the retroactive salary payments which were due upon the ratification of a three year employment agreement. 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, 2017**  
**Unaudited**

Table 1 provides a summary of the District's net position at 6/30/17 with comparisons to 6/30/16.

**Table 1**  
**Net Position**

	6/30/17	6/30/16	Variance	
			Dollars	%
<b>Assets:</b>				
Current & Other Assets	\$ 3,360,636	\$ 5,475,371	\$ (2,114,735)	(38.62)
Capital Assets	52,361,497	52,995,917	(634,420)	(1.20)
<b>Total Assets</b>	<b>55,722,133</b>	<b>58,471,288</b>	<b>(2,749,155)</b>	<b>(4.70)</b>
<b>Deferred Outflow of Resources:</b>				
Deferred Pension Activity	2,722,002	1,431,291	1,290,711	90.18
Refunding bond issue activity	114,738	121,357	(6,619)	(5.45)
<b>Total Deferred Outflow of Resources</b>	<b>2,836,740</b>	<b>1,552,648.00</b>	<b>1,284,092</b>	<b>82.70</b>
<b>Liabilities:</b>				
Long-Term Liabilities	36,850,214	36,751,231	98,983	0.27
Other Liabilities	871,744	924,009	(52,265)	(5.66)
<b>Total Liabilities</b>	<b>37,721,958</b>	<b>37,675,240</b>	<b>46,718</b>	<b>0.12</b>
<b>Deferred Inflow of Resources:</b>				
Deferred Pension Activity	834,802	320,027	514,775	160.85
<b>Net Position:</b>				
Net Investment in Capital Assets	25,873,108	25,475,184	397,924	1.56
Restricted	2,040,731	1,604,605	436,126	27.18
Unrestricted	(7,911,726)	(5,051,120)	(2,860,606)	(56.63)
<b>Total Net Position</b>	<b>\$ 20,002,113</b>	<b>\$ 22,028,669</b>	<b>\$ (2,026,556)</b>	<b>(9.20)</b>

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**Unaudited**

Table 2 provides a summary of the District's changes in net position in fiscal year ending 6/30/17 with comparisons to 6/30/16.

**Table 2**  
**Changes in Net Position**

	Fiscal Year Ending		Variance	
	6/30/17	6/30/16	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 1,190,055	\$ 1,164,989	\$ 25,066	2.15
Operating Grants	727,733	700,497	27,236	3.89
Capital Grants	-	(81,648)	81,648	100.00
General Revenues:				
Property Taxes	24,904,983	25,079,760	(174,777)	(0.70)
Unrestricted Grants	12,831,589	10,066,633	2,764,956	27.47
Other	147,712	259,217	(111,505)	(43.02)
Total Revenues	<u>39,802,072</u>	<u>37,189,448</u>	<u>2,612,624</u>	7.03
Program Expenses				
Instruction:				
Regular	15,254,518	12,405,176	2,849,342	22.97
Special	6,289,955	5,046,886	1,243,069	24.63
Other	1,874,686	1,353,653	521,033	38.49
Support Services:				
Tuition	557,171	467,098	90,073	19.28
Student & Instructional Staff	7,331,631	6,845,608	486,023	7.10
General & Business Administration	1,580,503	1,579,339	1,164	0.07
School Administration	1,818,026	1,630,779	187,247	11.48
Maintenance	3,625,818	3,288,189	337,629	10.27
Transportation	1,683,011	1,653,698	29,313	1.77
Food Service	506,878	462,129	44,749	9.68
Special Schools	116,111	112,316	3,795	3.38
Interest on Long-Term Debt	1,198,120	1,146,055	52,065	4.54
Total Expenses	<u>41,836,428</u>	<u>35,990,926</u>	<u>5,845,502</u>	16.24
Increases (Decreases) Before Special Items	<u>(2,034,356)</u>	<u>1,198,522</u>	<u>(3,232,878)</u>	(269.74)
Transfers & Special Items:				
Transfers	-	(60,000)	60,000	100.00
Gain (Loss) on Disposal of Assets	7,800	(33,181)	40,981	123.51
Total Transfers & Special Items	<u>7,800</u>	<u>(93,181)</u>	<u>100,981</u>	108.37
Increase (Decrease) in Net Position	<u>\$ (2,026,556)</u>	<u>\$ 1,105,341</u>	<u>\$ (3,131,897)</u>	(283.34)

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**Unaudited**

**Governmental Activities**

Property taxes made up 63.3 percent of revenues for governmental activities for the Clinton Township School District for fiscal year 2017.

Instruction comprised 56.7 percent of district expenses. Support services expenses made up 40.1 percent of the expenses and other expenses comprised 3.2 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 2017 results of operations:

- Food Service revenues and other financing sources were more than expenses and other financing uses by \$1,434. A board contribution of \$25,000 was necessary to subsidize the food service operation.
- Charges for services from amounts paid for daily food services were \$389,772 and total operating expenses were \$506,878.
- Federal and state reimbursements for meals, including payments for free and reduced lunches served and donated government commodities were \$93,234.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**Unaudited**

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/17 with comparisons to 6/30/16.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/17	6/30/16	6/30/17	6/30/16
Instruction	\$ 23,419,159	\$ 18,805,715	\$ 22,553,977	\$ 17,687,478
Support Services:				
Tuition	557,171	467,098	232,942	467,098
Student & Instructional Staff	7,331,631	6,845,608	7,184,364	6,735,366
General & Business Administration	1,580,503	1,579,339	1,580,503	1,584,653
School Administration	1,818,026	1,630,779	1,818,026	1,635,116
Plant Operations & Maintenance	3,625,818	3,288,189	3,569,074	3,241,687
Pupil Transportation	1,683,011	1,653,698	1,641,651	1,594,079
Special Schools	116,111	112,316	116,111	111,026
Interest on Long-Term Debt	1,198,120	1,146,055	1,198,120	1,146,055
<b>Total Expenses</b>	<b>\$ 41,329,550</b>	<b>\$ 35,528,797</b>	<b>\$ 39,894,768</b>	<b>\$ 34,202,558</b>

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, 2017**  
**Unaudited**

The dependence upon tax revenues is apparent. For all activities, tax revenue support is 62.6 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 \$32,047,870 and expenditures of \$34,105,887. The net negative change in fund balance for the year was most significant in the General Fund, a decrease of \$2,007,423. 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 2017, 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 \$26,067,219 which was \$90,596 below final budgeted estimates of \$26,157,815. This difference was due primarily to extraordinary aid revenue budgeted in excess of the amount realized by \$222,689.

General fund revenues and other financing sources were less than expenditures and other financing uses by \$2,003,855.

**Capital Assets**

At the end of the fiscal year 2017, the School District had \$52,361,497 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, 2017**  
**Unaudited**

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/17 with comparisons to 6/30/16.

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

	6/30/17	6/30/16	Variance	
			Dollars	%
Land	\$ 4,996,634	\$ 4,996,634	\$ -	0.00
Land Improvements	647,939	177,711	470,228	264.60
Buildings & Improvements	44,994,274	45,943,231	(948,957)	(2.07)
Machinery & Equipment	620,971	669,790	(48,819)	(7.29)
Vehicles	41,180	51,034	(9,854)	(19.31)
Construction in Progress	1,060,499	1,157,517	(97,018)	(8.38)
Total	<u>\$ 52,361,497</u>	<u>\$ 52,995,917</u>	<u>\$ (634,420)</u>	<u>(1.20)</u>

Depreciation and asset disposals exceeded asset additions for the fiscal year by \$634,420. The District completed several facility projects in fiscal year 2017 which included brick re-pointing improvements at three schools, a parking lot improvement at one school, curbing improvements at two schools and floor tile replacement at one school. The District continued an on-going project for waste water treatment plant improvements.

**Debt Administration**

At June 30, 2017, the School District had \$36,850,214 in long-term liabilities. The School District's overall debt limit was \$67,373,771 and the legal debt margin was \$40,943,771.

Table 5 provides a summary of the School District's outstanding debt at June 30, 2017 with comparisons to June 30, 2016.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**Unaudited**

**Table 5**  
**Long-Term Liabilities at Year-end**

	6/30/17	6/30/16	Variance	
			Dollars	%
2015 Refunding Bonds for '06 Issue	\$ 8,540,000	\$ 8,560,000	\$ (20,000)	(0.23)
2012 Refunding Bonds for '03 Issue	10,310,000	10,340,000	(30,000)	(0.29)
2011 Refunding Bonds for '03 Issue	7,580,000	8,505,000	(925,000)	(10.88)
Net Pension Liability	8,935,190	7,709,376	1,225,814	15.90
Unamortized Bond Premiums	763,040	862,559	(99,519)	(11.54)
Capital Leases Payable	58,389	115,733	(57,344)	(49.55)
Compensated Absences Payable	663,595	658,563	5,032	0.76
	<u>\$ 36,850,214</u>	<u>\$ 36,751,231</u>	<u>\$ 98,983</u>	0.27

**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 and therefore, 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, please contact Edward McManus, School Business Administrator/Board Secretary or email at emcmanus@ctsdnj.org.

## **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, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,333,124	\$ 11	\$ 1,333,135
Internal balances	(15,013)	15,013	-
Receivables, net	366,786	3,605	370,391
Inventory	-	8,102	8,102
<b>Restricted assets</b>			
Capital reserve account - cash	1,258,301	-	1,258,301
Maintenance reserve account - cash	390,706	-	390,706
<b>Capital assets, net</b>			
Land and construction in progress	4,996,634	-	4,996,634
Other capital assets, net of depreciation	47,354,360	10,503	47,364,863
Total assets	<u>55,684,898</u>	<u>37,234</u>	<u>55,722,132</u>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	2,722,002	-	2,722,002
Deferred amount on refunding bond issue	114,738	-	114,738
Total deferred outflows of resources	<u>2,836,740</u>	<u>-</u>	<u>2,836,740</u>
<b>Liabilities</b>			
Accounts payable	51,469	-	51,469
Payable to other governments - State	75,061	-	75,061
Accrued interest	494,877	-	494,877
Unearned revenue	37,186	13,150	50,336
Insurance adjustments	200,000	-	200,000
<b>Long-term liabilities</b>			
Due within one year	1,227,508	-	1,227,508
Due beyond one year	35,622,706	-	35,622,706
Total liabilities	<u>37,708,807</u>	<u>13,150</u>	<u>37,721,957</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	834,802	-	834,802
<b>Net position</b>			
Net investment in capital assets	25,862,605	10,503	25,873,108
<b>Restricted for</b>			
Debt service fund	391,724	-	391,724
Capital reserve	1,258,301	-	1,258,301
Maintenance reserve	390,706	-	390,706
Unrestricted	(7,925,307)	13,581	(7,911,726)
<b>Total net position</b>	<u>\$ 19,978,029</u>	<u>\$ 24,084</u>	<u>\$ 20,002,113</u>

See accompanying notes to financial statements.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

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	\$ 7,920,773	\$ 7,333,745	\$ 500,399	\$ 160,804	\$ -	\$ (14,593,315)	\$ -	\$ (14,593,315)
Special education	3,121,987	3,167,968	169,779	6,931	-	(6,113,245)	-	(6,113,245)
Other special instruction	825,043	897,769	-	18,419	-	(1,704,393)	-	(1,704,393)
Other instruction	95,938	55,936	8,850	-	-	(143,024)	-	(143,024)
Support services								
Tuition	557,171	-	-	324,229	-	(232,942)	-	(232,942)
Students & instruction related services	4,077,689	3,253,942	30,451	116,816	-	(7,184,364)	-	(7,184,364)
General & business administration services	1,005,951	574,552	-	-	-	(1,580,503)	-	(1,580,503)
School administration services	892,689	925,337	-	-	-	(1,818,026)	-	(1,818,026)
Plant operations & maintenance	2,794,048	831,770	49,444	7,300	-	(3,569,074)	-	(3,569,074)
Pupil transportation	1,673,135	9,876	41,360	-	-	(1,641,651)	-	(1,641,651)
Special schools	58,997	57,114	-	-	-	(116,111)	-	(116,111)
Interest on long-term debt	1,198,120	-	-	-	-	(1,198,120)	-	(1,198,120)
Total governmental activities	<u>24,221,541</u>	<u>17,108,009</u>	<u>800,283</u>	<u>634,499</u>	<u>-</u>	<u>(39,894,768)</u>	<u>-</u>	<u>(39,894,768)</u>
Business-type activities								
Food service	506,878	-	389,772	93,234	-	-	(23,872)	(23,872)
Total business-type activities	<u>506,878</u>	<u>-</u>	<u>389,772</u>	<u>93,234</u>	<u>-</u>	<u>-</u>	<u>(23,872)</u>	<u>(23,872)</u>
Total primary government	<u>\$ 24,728,419</u>	<u>\$ 17,108,009</u>	<u>\$ 1,190,055</u>	<u>\$ 727,733</u>	<u>\$ -</u>	<u>(39,894,768)</u>	<u>(23,872)</u>	<u>(39,918,640)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						22,813,416	-	22,813,416
Property taxes levied for debt service						2,091,567	-	2,091,567
Federal & State aid not restricted						12,831,589	-	12,831,589
Investment earnings						34,577	306	34,883
Miscellaneous income						112,829	-	112,829
Transfers						(25,000)	25,000	-
Special item - gain (loss) on disposal of assets						7,800	-	7,800
Total general revenues & special items						<u>37,866,778</u>	<u>25,306</u>	<u>37,892,084</u>
Change in net position						(2,027,990)	1,434	(2,026,556)
Net position - beginning						22,006,019	22,650	22,028,669
Net position - ending						<u>\$ 19,978,029</u>	<u>\$ 24,084</u>	<u>\$ 20,002,113</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, 2017**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash & cash equivalents	\$ 881,378	\$ 60,022	\$ -	\$ 391,724	\$ 1,333,124
Due from other funds	91,206	-	-	-	91,206
Receivables from other governments					
State	220,085	-	-	-	220,085
Federal	-	47,025	-	-	47,025
Local	7,612	-	-	-	7,612
Other accounts receivable	858	-	-	-	858
Restricted cash & equivalents	1,649,007	-	-	-	1,649,007
<b>Total assets</b>	<b>\$ 2,850,146</b>	<b>\$ 107,047</b>	<b>\$ -</b>	<b>\$ 391,724</b>	<b>\$ 3,348,917</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 15,013	\$ -	\$ -	\$ -	\$ 15,013
Payables to other governments					
State	-	75,061	-	-	75,061
Accounts payable	51,469	-	-	-	51,469
Unearned revenue	5,200	31,986	-	-	37,186
Insurance adjustments	200,000	-	-	-	200,000
<b>Total liabilities</b>	<b>271,682</b>	<b>107,047</b>	<b>-</b>	<b>-</b>	<b>378,729</b>

See accompanying notes to financial statements.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Balance Sheet (continued)**  
**Governmental Funds**  
**June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Capital reserve account	\$ 1,258,301	\$ -	\$ -	\$ -	\$ 1,258,301
Maintenance reserve account	390,706	-	-	-	390,706
Committed fund balance					
Year-end encumbrances	336,121	-	-	-	336,121
Assigned fund balance					
Designated for subsequent year's expenditures	241,023	-	-	391,723	632,746
Debt service fund balance	-	-	-	1	1
Unassigned fund balance	352,313	-	-	-	352,313
Total fund balances	<u>2,578,464</u>	<u>-</u>	<u>-</u>	<u>391,724</u>	<u>2,970,188</u>
Total liabilities and fund balances	<u>\$ 2,850,146</u>	<u>\$ 107,047</u>	<u>\$ -</u>	<u>\$ 391,724</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 \$74,368,068 and the accumulated depreciation is \$22,017,074.	52,350,994
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	2,001,938
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(36,850,214)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(494,877)</u>
Total net position of governmental activities	<u>\$ 19,978,029</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, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 22,813,416	\$ -	\$ -	\$ 2,091,567	\$ 24,904,983
Tuition - individuals	24,050	-	-	-	24,050
Tuition - other LEAs within state	646,128	-	-	-	646,128
Interest on investments	34,577	-	-	-	34,577
Miscellaneous	56,983	48,329	-	-	105,312
<b>Total</b>	<b>23,575,154</b>	<b>48,329</b>	<b>-</b>	<b>2,091,567</b>	<b>25,715,050</b>
State sources	5,746,650	161,684	-	-	5,908,334
Federal sources	-	424,486	-	-	424,486
<b>Total revenues</b>	<b>29,321,804</b>	<b>634,499</b>	<b>-</b>	<b>2,091,567</b>	<b>32,047,870</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instructional</b>					
Regular instruction	7,769,090	151,683	-	-	7,920,773
Special education instruction	3,115,056	6,931	-	-	3,121,987
Other special instruction	806,624	18,419	-	-	825,043
Other instruction	87,088	-	-	-	87,088
<b>Support service &amp; undistributed costs</b>					
Tuition	232,942	324,229	-	-	557,171
Student & instruction related services	3,930,422	116,816	-	-	4,047,238
General & business administrative services	1,007,599	-	-	-	1,007,599
School administrative services	892,689	-	-	-	892,689
Plant operations & maintenance	2,742,089	-	-	-	2,742,089
Pupil transportation	1,630,780	-	-	-	1,630,780
Unallocated benefits	8,122,273	-	-	-	8,122,273

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, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (continued)					
Capital outlay	\$ 836,380	\$ 16,421	\$ -	\$ -	\$ 852,801
Special schools	58,997	-	-	-	58,997
Debt service					
Principal	57,344	-	-	975,000	1,032,344
Interest & other charges	89,009	-	-	1,118,006	1,207,015
Total expenditures	<u>31,378,382</u>	<u>634,499</u>	<u>-</u>	<u>2,093,006</u>	<u>34,105,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,056,578)</u>	<u>-</u>	<u>-</u>	<u>(1,439)</u>	<u>(2,058,017)</u>
Other financing sources (uses)					
Transfers in	74,155	-	-	-	74,155
Transfers out	<u>(25,000)</u>	<u>-</u>	<u>(74,155)</u>	<u>-</u>	<u>(99,155)</u>
Total other financing sources (uses)	<u>49,155</u>	<u>-</u>	<u>(74,155)</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balance	(2,007,423)	-	(74,155)	(1,439)	(2,083,017)
Fund balances, July 1	<u>4,585,887</u>	<u>-</u>	<u>74,155</u>	<u>393,163</u>	<u>5,053,205</u>
Fund balances, June 30	<u>\$ 2,578,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,724</u>	<u>\$ 2,970,188</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, 2017**

Total net changes in fund balances - governmental fund (from B-2) \$ (2,083,017)

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	\$ 852,801	
Book value of assets disposed	(1,200)	
Depreciation expense	<u>(1,484,532)</u>	
		(632,931)

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	975,000	
Capital lease payments	<u>57,344</u>	
		1,032,344

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:

Amortization of bond premium		99,519
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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.

(449,878)

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, 2017**

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.	\$ 17,624
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.	(6,619)
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>(5,032)</u>
Change in net position of governmental activities	<u>\$ (2,027,990)</u>

See accompanying notes to financial statements.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2017**

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 11
Due from other funds	15,013
Receivables from other governments	
State	202
Federal	3,088
Accounts receivable - other	315
Inventory	8,102
Total current assets	<u>26,731</u>
Noncurrent assets	
Capital assets	168,139
Less: accumulated depreciation	<u>157,636</u>
Total noncurrent assets	<u>10,503</u>
Total assets	<u>37,234</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,102
Unearned revenues - prepaid sales	<u>12,048</u>
Total liabilities	<u>13,150</u>
Net Position	
Net investment in capital assets	10,503
Unrestricted	<u>13,581</u>
Total net position	<u>\$ 24,084</u>

See accompanying notes to financial statements.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2017**

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 244,488
Daily sales - non-reimbursable programs	145,284
Total operating revenues	389,772
 Operating expenses	
Cost of sales - reimbursable programs	146,648
Cost of sales - non-reimbursable programs	79,398
Salaries	147,736
Employee benefits	31,021
Purchased property services	31,144
Insurance	2,545
Management fee	15,754
Other purchased services	6,677
Supplies and materials (not included in cost of sales)	8,387
Commodity food costs	32,998
Depreciation	1,489
Miscellaneous	3,081
Total operating expenses	506,878
 Operating income (loss)	(117,106)
 Non-operating revenues (expenses)	
State sources	
State school lunch program	3,719
Federal sources	
National school lunch program	
Cash assistance	56,517
Non-cash assistance (commodities)	32,998
Interest earned on investments	306
Total non-operating revenues (expenses)	93,540
 Other financing sources	
Operating Transfer In	25,000
 Change in net position	1,434
 Net position, beginning	22,650
 Net position, ending	\$ 24,084

See accompanying notes to financial statements.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 390,924
Payments to Food Service Management Co.	(433,175)
Payments to vendors (net)	(40,778)
Net cash provided by (used for) operating activities	<u>(83,029)</u>
Cash flows from non-capital financing activities	
State sources	4,062
Federal sources	61,391
General fund interfund activity	10,200
Net cash provided by (used for) noncapital financing activities	<u>75,653</u>
Cash flows from investing activities	
Interest earned on investments	306
Net cash provided by (used for) investing activities	<u>306</u>
Net increase (decrease) in cash and cash equivalents	(7,070)
Cash and cash equivalents, beginning	<u>7,081</u>
Cash and cash equivalents, ending	<u>\$ 11</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (117,106)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,489
Federal food donation program	32,998
(Increase) decrease in accounts receivable	440
(Increase) decrease in inventory	1,615
Increase (decrease) in unearned revenues	(2,465)
Net cash provided by (used for) operating activities	<u>\$ (83,029)</u>

See accompanying notes to financial statements.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Position**  
**June 30, 2017**

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 175,266	\$ 108,577	\$ 47,372
Total assets	\$ 175,266	\$ 108,577	\$ 47,372
<b>Liabilities</b>			
Due to other funds	\$ 75,000	\$ -	\$ 16,206
Accumulated interest	-	-	467
Due to student groups	-	108,577	-
Payroll deductions and withholdings	-	-	30,699
Total liabilities	75,000	\$ 108,577	\$ 47,372
Net position	\$ 100,266		

See accompanying notes to financial statements.



**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Unemployment Compensation Fund</u>
Additions	
Employee contributions	\$ 25,633
Investment earnings - interest	753
Total additions	<u>26,386</u>
Deductions	
Unemployment claims	<u>19,046</u>
Change in net position	7,340
Net position, beginning of the year	<u>92,926</u>
Net position, end of the year	<u><u>\$ 100,266</u></u>

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:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all 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, 2017 of 1,347 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 State 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 moneys 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.

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 fiscal year ended June 30, 2017 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 2016 - 2017 and 2015 - 2016 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 and 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, 2017.

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
Musical instruments	10
Athletic equipment	10 - 15
Maintenance equipment	15
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	8

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences

The District accounts for compensated absences (e.g., 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.

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.

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. Net position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. In the government-wide financial statements, net position is classified into the following three components:

- *Net investment in Capital Assets* - This component represents capital assets, less accumulated depreciation and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- *Restricted* - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Unrestricted* - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

O. 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:

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

P. 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.

Q. 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.

R. Deferred outflows and inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, which are deferred amount on pension activity and deferred amount on refunding bond issue. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension liability.

**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.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 3 - Deposits and investments

Cash, cash equivalents and investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash and cash equivalents regardless of the date of maturity. As of June 30, 2017, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other State statutes permit investments in obligations issued by local authorities and other State agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

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.

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 investments (continued)

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee's salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2017, the District's bank balances of \$4,337,150 were exposed to custodial credit risk as follows:

Insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 250,000
Collateralized with securities held by pledging financial institutions	4,087,150
Total	<u>\$ 4,337,150</u>

Deposits at June 30, 2017 appear in the financial statements as summarized below:

Cash		<u>\$ 3,313,357</u>
	<u>Ref.</u>	
Unrestricted cash		
Governmental Funds, Balance Sheet	B-1	\$ 1,333,124
Enterprise Funds, Statement of Net Position	B-4	11
Fiduciary Funds, Statement of Net Position	B-7	331,215
Restricted cash		
Governmental Funds, Balance Sheet	B-1	<u>1,649,007</u>
Total cash		<u>\$ 3,313,357</u>

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets  
Capital asset activity for the fiscal year ended June 30, 2017 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	<u>1,157,517</u>	<u>801,589</u>	<u>898,607</u>	<u>1,060,499</u>
Total	<u>6,154,151</u>	<u>801,589</u>	<u>898,607</u>	<u>6,057,133</u>
Capital assets, being depreciated				
Land improvements	1,064,181	511,787	-	1,575,968
Building & improvements	64,671,669	391,492	-	65,063,161
Vehicles	144,770	-	-	144,770
Furniture & equipment	<u>1,492,496</u>	<u>46,540</u>	<u>12,000</u>	<u>1,527,036</u>
Total	<u>67,373,116</u>	<u>949,819</u>	<u>12,000</u>	<u>68,310,935</u>
Accumulated depreciation				
Land improvements	886,470	41,559	-	928,029
Building & improvements	18,728,438	1,340,449	-	20,068,887
Vehicles	93,736	9,854	-	103,590
Furniture & equipment	<u>834,698</u>	<u>92,670</u>	<u>10,800</u>	<u>916,568</u>
Total	<u>20,543,342</u>	<u>1,484,532</u>	<u>10,800</u>	<u>22,017,074</u>
Total capital assets, being depreciated, net	<u>46,829,774</u>	<u>(534,713)</u>	<u>1,200</u>	<u>46,293,861</u>
Transfer	<u>-</u>	<u>(898,607)</u>	<u>(898,607)</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 52,983,925</u>	<u>\$ (631,731)</u>	<u>\$ 1,200</u>	<u>\$ 52,350,994</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	\$ -	\$ -	\$ 168,319
Less: accumulated depreciation	156,147	1,489	-	157,636
Business type activities capital assets, net	<u>\$ 11,992</u>	<u>\$ (1,489)</u>	<u>\$ -</u>	<u>\$ 10,503</u>

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

Instruction	
Regular	\$ 637,619
Special education	251,319
Other special instruction	66,416
Co-curricular activities	7,011
Support services	
Student & instruction	325,801
General & business administration	81,111
School administration	71,861
Plant & maintenance	37,650
Transportation	995
Special schools	4,749
Total depreciation expense, governmental activities	<u>\$ 1,484,532</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 27,405,000	\$ -	\$ 975,000	\$ 26,430,000	\$ 1,020,000
Capital lease payable	115,733	-	57,344	58,389	58,389
Unamortized bond premium	862,559	-	99,519	763,040	99,519
PERS net pension liability	7,709,376	1,225,814	-	8,935,190	-
Compensated absences payable	658,563	59,568	54,536	663,595	49,600
Total governmental activities long-term liabilities	<u>\$ 36,751,231</u>	<u>\$ 1,285,382</u>	<u>\$ 1,186,399</u>	<u>\$ 36,850,214</u>	<u>\$ 1,227,508</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>
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	1,250,000	865,081	2,115,081
2023 - 2027	7,360,000	3,415,538	10,775,538
2028 - 2032	9,220,000	1,862,094	11,082,094
2032 - 2034	4,200,000	253,400	4,453,400
Total	<u>\$ 26,430,000</u>	<u>\$ 10,407,013</u>	<u>\$ 36,837,013</u>

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2017, 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	\$ 7,580,000
\$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	10,310,000
\$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>8,540,000</u>
Totals	<u>\$ 26,430,000</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, 2017 is \$67,373,771. General obligation debt at June 30, 2016 is \$26,430,000, resulting in a legal debt margin of \$40,943,771.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

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, 2017.

Fiscal Year Ending June 30,

2018	\$	59,454
Future minimum lease payments		59,454
Amount representing interest		1,065
Total amount representing principal	\$	58,389

Operating leases

At June 30, 2017, the District had operating lease agreements in effect for copy machines and a mail machine. The present value of the future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year Ending June 30,

2018	\$	27,546
2019		27,546
2020		27,546
2021		27,547
2022		3,600
Total minimum lease payments	\$	113,785

**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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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 10-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 plans (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, 2016 are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2016. In accordance with Generally Accepted Accounting Principles, measurement for PERS pension in the District's financial statements is based upon the most recent available information which is for the State fiscal year ended June 30, 2016.

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 State fiscal year ended June 30, 2017. 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 plans (continued)

A. Public employees' retirement systems (PERS) (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 the State fiscal year 2016, 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 the 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.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

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, 2016 are as follows:

	<u>2016</u>
Total pension liability	\$ 14,926,017
Plan fiduciary net position	<u>5,990,827</u>
Net pension liability	<u>\$ 8,935,190</u>

Plan fiduciary net position as a percentage of the total pension liability	40.14%
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**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Components of net pension liability (continued)

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set-back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set-back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grad Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 rate in the most recent State fiscal year. State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 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 plans (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 District's proportionate share of the collective net pension liability of as of June 30, 2016 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:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2016</u>
At current discount rate (3.98%)	\$ 8,935,190
At a 1% lower rate (2.98%)	10,349,032
At a 1% higher rate (4.98%)	7,272,588

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2016, 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	\$ 166,167	\$ -
Changes of assumptions	1,850,894	-
Net difference between projected and actual earnings on pension plan investments	340,707	-
Changes in proportion and differences between District contributions and proportionate share of contributions	96,217	834,802
District contributions subsequent to the measurement date	268,017	-
<b>Total</b>	<b>\$ 2,722,002</b>	<b>\$ 834,802</b>

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, 2017, the plan measurement date is June 30, 2016) of \$268,017 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

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 fiscal year ended June 30, 2016:

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Collective deferred outflows of resources and deferred inflows of resources (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Changes of assumptions and differences between expected and actual experience	\$ 888,859	\$ 1,606,959	\$ 478,757	\$ 2,017,061
Difference between projected and actual earnings on pension plan investments	<u>(108,886)</u>	<u>501,666</u>	<u>52,073</u>	<u>340,707</u>
Net of deferred outflows	<u>\$ 779,973</u>	<u>\$ 2,108,625</u>	<u>\$ 530,830</u>	<u>\$ 2,357,768</u>

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:

State Fiscal Year Ending June 30

2017	\$ 530,830
2018	530,830
2019	614,984
2020	516,677
2021	164,447
Total	<u>\$ 2,357,768</u>

Pension expense

For the fiscal year ended June 30, 2017, the District recognized net pension expense of \$717,895, which represents the District's proportionate share of allocable plan pension expense of \$853,061, less the net amortization of deferred amounts from changes in proportion of \$162,426, and plus other adjustments to the net pension liability of \$27,260. 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, 2016 are as follows:

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 -

Pension plans (continued)

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

Pension expense (continued)

Service cost	\$	291,603
Interest on total pension liability		636,678
Member contributions		(151,139)
Administrative expense		4,824
Expected investment return net of investment expense		(458,784)
Pension expense related to specific liabilities of individual employers		(951)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		436,030
Amortization of expected versus actual experience		42,727
Amortization of projected versus actual investment earnings on pension plan investments		52,073
Pension expense	\$	853,061

B. Teachers' 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](http://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 plans (continued)  
B. Teachers' pension and annuity fund (TPAF)  
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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 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 the State fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

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. During the State fiscal year ending June 30, 2016, the State of New Jersey contributed \$954,617 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1<sup>st</sup> until eventually reaching 7.50% of base salary effective July 1, 2018.

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the State's proportionate share of the net pension liability attributable to the employer, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for the fiscal year ending June 30, 2016 is as follows:

	2016
State's proportionate share of net pension liability	\$ 94,294,763
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	7,084,939
Non-employer contribution	954,617
Allocable proportionate percentage	.1198666811%

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

Service cost	\$	2,797,169
Interest on total pension liability		4,408,570
Member contributions		(908,850)
Administrative expense		16,428
Expected investment return net of investment expense		(2,256,987)
Pension expense related to specific liabilities of individual employers		(291)
Recognition of deferred inflows/outflows of resources		
Amortization of economic /demographic gains or losses		29,653
Amortization of assumption changes or inputs		2,773,514
Amortization of investment gains or losses		225,733
Pension expense	\$	7,084,939

Collective net pension liability and actuarial information

Components of net pension liability

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2016 is as follows:

		2016
Total pension liability	\$	121,400,991
Plan fiduciary net position		27,106,228
Net pension liability	\$	94,294,763

Plan fiduciary net position as a percentage of the total pension liability	22.33%
--	--------

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases	
2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Components of net pension liability (continued)

Pre-retirement, post retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial study for the period July 1, 2012 to June 30, 2015.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	.50%	2.87%
Hedge Funds - Multi-Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Discount rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 rate in the most recent State fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's 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:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2016</u>
At current discount rate (3.22%)	\$ 94,294,763
At a 1% lower rate (2.22%)	112,609,020
At a 1% higher rate (4.22%)	79,338,809

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 2017) 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](http://www.prudential.com/njdcrp).



**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year 2017 was \$16,638.

D. Other pension plan information

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$1,041,592 to the TPAF for post-retirement medical benefits, \$43,709 for noncontributory insurance premiums, \$2,972 for long-term disability insurance and \$1,206,361 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 \$954,519 during the fiscal year ended June 30, 2017 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.

Note 7 - Post-retirement benefits

Chapter 384 of P.L. 1987 and Ch. 6 of P.L. 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, 2016, there were 110,512 retirees eligible for post-retirement medical benefits, and the state contributed \$1.37 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 2016, the State paid \$231.2 million toward Ch. 126 benefits for 20,045 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.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits (continued)

*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](http://www.nj.gov/treasury/pensions)).

*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

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2017 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 91,206	\$ 15,013
Food Service Enterprise Fund	15,013	-
Unemployment Compensation Fund	-	75,000
Payroll Agency Fund	-	16,206
Total	<u>\$ 106,219</u>	<u>\$ 106,219</u>

The balance due from the General Fund to the Food Service Fund of \$15,013 represents a board contribution to the food service operation of \$25,000 less a loan advanced from the General Fund of \$10,200 and plus lunch aid received in the General Fund which was due to the Food Service Enterprise Fund as of June 30, 2017 of \$213. 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 Agency Fund to the General Fund of \$10,000 represents an imprest loan to the Flex Spending account for cash-flow reasons. The balance due from the Unemployment Compensation Fund to the General Fund of \$75,000 represents the return of a board contribution which was determined not to be needed.

All of the interfund balances are expected to be liquidated within one year.

The District transferred \$25,000 from the General Fund to the Food Service Fund representing a Board contribution. The District also transferred \$74,155 from the Capital Projects Fund to the General Fund representing unexpended project balances due back to the capital reserve fund.

Note 10 - Inventory

Inventory in the Food Service Fund as of June 30, 2017 consisted of the following:

Food	\$ 5,047
Supplies	3,055
Total	<u>\$ 8,102</u>

Note 11 - Contingent liabilities

Litigation

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.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 11 - Contingent liabilities (continued)

Grantor agencies

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

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:

<u>Fiscal Year</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Employee Deposits</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016 - 2017	\$ -	\$ 753	\$ 25,633	\$ (19,046)	\$ 100,266
2015 - 2016	60,000	253	24,704	(25,661)	92,926
2014 - 2015	50,000	119	24,238	(90,825)	33,630

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.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 13 - Legal reserve accounts (continued)

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 \$750,000 to their Capital Reserve Account and \$287,172 to their Maintenance Reserve Account by Board resolution in June 2017.

The following schedule is a summarization of the legal reserve accounts for the current fiscal year:

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawals Net of Return</u>	<u>Ending Balance</u>
Capital	\$839,287	\$750,000	\$2,586	\$ (333,572)	\$1,258,301
Maintenance	298,000	287,172	-	(194,466)	390,706
Total	<u>\$1,137,287</u>	<u>\$1,037,172</u>	<u>\$2,586</u>	<u>\$ (528,038)</u>	<u>\$1,649,007</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

**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, 2017 is as follows:

	2017
Restricted	
Capital Reserve Account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 1,258,301
Maintenance Reserve Account - Represents funds restricted for required maintenance of school facilities.	390,706
Committed	
Year-end encumbrance - Represents fund balance assigned for purchase orders that have been issued but goods or services were not received as of June 30,	336,121
Assigned	
Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements	241,023
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	575,659
Total fund balance	\$ 2,801,810

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, 2017 is \$0.

Note 16 - Subsequent events

The District has evaluated subsequent events through November 15, 2017, which is the date the financial statements were available to be issued and one additional item was noted for disclosure. The District was late on their debt service payment for the July 15, 2017 requirement of \$539,853 by two days. The District has received notification from their bond council that there will be a note posted to the secondary bond market website that states the payment was late due to a "communications error" and that this is a "minimal delinquency."

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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 and which are expected to have a material impact on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement, which is effective for reporting periods beginning after June 15, 2017, is expected to have a material impact on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "*Leases*". This statement, which is effective for reporting periods beginning after June 15, 2019, is 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, 2017 of \$7,925,307 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.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**



**BUDGETARY COMPARISON SCHEDULES**

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local sources					
Local tax levy	\$ 22,813,416	\$ -	\$ 22,813,416	\$ 22,813,416	\$ -
Tuition from individuals	-	-	-	24,050	24,050
Tuition from other LEAs within the state	552,399	-	552,399	646,128	93,729
Rents and royalties	-	-	-	34,673	34,673
Unrestricted miscellaneous revenues	80,000	-	80,000	45,301	(34,699)
Interest earned on capital reserve funds	1,500	-	1,500	2,586	1,086
<b>Total</b>	<b>23,447,315</b>	<b>-</b>	<b>23,447,315</b>	<b>23,566,154</b>	<b>118,839</b>
State sources					
School choice aid	507,624	-	507,624	507,624	-
Categorical transportation aid	168,475	-	168,475	168,475	-
Extraordinary aid	388,085	-	388,085	165,396	(222,689)
Categorical special education aid	780,444	-	780,444	780,444	-
Categorical security aid	83,110	-	83,110	83,110	-
Adjustment aid	741,912	-	741,912	741,912	-
PARCC readiness aid	14,050	-	14,050	14,050	-
Per pupil growth aid	14,050	-	14,050	14,050	-
Professional learning community aid	12,750	-	12,750	12,750	-
Other state aid	-	-	-	13,254	13,254
TPAF pension (on-behalf)	-	-	-	1,250,070	1,250,070
TPAF Social Security (reimbursed)	-	-	-	954,519	954,519
TPAF post retirement benefits (on-behalf)	-	-	-	1,041,592	1,041,592
TPAF long-term disability insurance (on-behalf)	-	-	-	2,972	2,972
<b>Total</b>	<b>2,710,500</b>	<b>-</b>	<b>2,710,500</b>	<b>5,750,218</b>	<b>3,039,718</b>
<b>Total revenues</b>	<b>\$ 26,157,815</b>	<b>\$ -</b>	<b>\$ 26,157,815</b>	<b>\$ 29,316,372</b>	<b>\$ 3,158,557</b>
<b>EXPENDITURES</b>					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 143,039	\$ (88,948)	\$ 54,091	\$ 54,091	\$ -
Kindergarten	456,708	8,719	465,427	465,427	-
Grades 1-5	3,668,467	(183,445)	3,485,022	3,485,022	-
Grades 6-8	2,385,195	54,779	2,439,974	2,439,974	-
Home instruction					
Salaries of teacher	16,257	(4,000)	12,257	6,306	5,951
Purchased professional - educational services	4,069	4,000	8,069	6,772	1,297
Regular programs - undistributed instruction					
Purchased professional - educational services	152,000	239,814	391,814	380,795	11,019
Purchased technical services	25,332	5,000	30,332	27,855	2,477
Other purchased services	395,983	(19,318)	376,665	254,739	121,926
General supplies	759,938	(25,198)	734,740	618,229	116,511
Textbooks	36,350	(2,850)	33,500	24,171	9,329
Other objects	8,625	-	8,625	5,709	2,916
<b>Total</b>	<b>8,051,963</b>	<b>(11,447)</b>	<b>8,040,516</b>	<b>7,769,090</b>	<b>271,426</b>

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ -	\$ 59,196	\$ 59,196	\$ 59,196	\$ -
Other salaries for instruction	-	50,148	50,148	50,148	-
<b>Total</b>	<b>-</b>	<b>109,344</b>	<b>109,344</b>	<b>109,344</b>	<b>-</b>
Auditory impairments					
Salaries of teachers	1,058	(270)	788	-	788
<b>Total</b>	<b>1,058</b>	<b>(270)</b>	<b>788</b>	<b>-</b>	<b>788</b>
Resource room/resource center					
Salaries of teachers	2,386,063	87,981	2,474,044	2,467,947	6,097
Other salaries for instruction	42,132	(38,120)	4,012	4,012	-
Purchased professional - educational services	-	98,238	98,238	94,973	3,265
Other purchased services	-	161	161	161	-
General supplies	19,300	(3,475)	15,825	10,739	5,086
<b>Total</b>	<b>2,447,495</b>	<b>144,785</b>	<b>2,592,280</b>	<b>2,577,832</b>	<b>14,448</b>
Autism					
Salaries of teachers	162,390	(1,476)	160,914	160,914	-
Other salaries for instruction	100,916	(30,275)	70,641	66,429	4,212
Purchased professional - educational services	18,500	(3,444)	15,056	14,616	440
General supplies	2,062	-	2,062	1,016	1,046
<b>Total</b>	<b>283,868</b>	<b>(35,195)</b>	<b>248,673</b>	<b>242,975</b>	<b>5,698</b>
Preschool disabilities - full-time					
Salaries of teachers	-	50,247	50,247	50,247	-
Other salaries for instruction	-	134,658	134,658	134,658	-
<b>Total</b>	<b>-</b>	<b>184,905</b>	<b>184,905</b>	<b>184,905</b>	<b>-</b>
<b>Total special education</b>	<b>2,732,421</b>	<b>403,569</b>	<b>3,135,990</b>	<b>3,115,056</b>	<b>20,934</b>
Basic skills/remedial					
Salaries of teachers	657,102	143,352	800,454	800,449	5
Purchased professional - education services	16,500	(13,870)	2,630	2,079	551
General supplies	9,815	(396)	9,419	4,096	5,323
<b>Total</b>	<b>683,417</b>	<b>129,086</b>	<b>812,503</b>	<b>806,624</b>	<b>5,879</b>
School-sponsored co/extra curricular activities - instruction					
Salaries	24,937	3,993	28,930	27,450	1,480
Supplies and materials	7,333	-	7,333	3,217	4,116
<b>Total</b>	<b>32,270</b>	<b>3,993</b>	<b>36,263</b>	<b>30,667</b>	<b>5,596</b>
School-sponsored athletics - instruction					
Salaries	54,648	-	54,648	44,853	9,795
Purchased services	15,543	-	15,543	8,881	6,662
Supplies and materials	6,860	-	6,860	2,687	4,173
Other objects	300	-	300	-	300
<b>Total</b>	<b>77,351</b>	<b>-</b>	<b>77,351</b>	<b>56,421</b>	<b>20,930</b>

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Total instruction regular	\$ 11,577,422	\$ 525,201	\$ 12,102,623	\$ 11,777,858	\$ 324,765
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ -	\$ 140,221	\$ 140,221	\$ 14,838	\$ 125,383
Tuition to priv. school for the disabled w/i state	411,605	(187,445)	224,160	216,058	8,102
Tuition - other	-	2,051	2,051	2,046	5
Total	411,605	(45,173)	366,432	232,942	133,490
Undistributed expenditures - attendance & social work					
Salaries	170,062	21,507	191,569	191,545	24
Unused vacation payment to terminated/retired staff	-	2,268	2,268	2,269	(1)
Supplies and materials	30,450	340	30,790	13,983	16,807
Total	200,512	24,115	224,627	207,797	16,830
Undistributed expenditures - health services					
Salaries	361,846	29,332	391,178	389,063	2,115
Purchased professional and technical services	3,500	-	3,500	3,000	500
Supplies and materials	15,500	(620)	14,880	13,867	1,013
Total	380,846	28,712	409,558	405,930	3,628
Undistributed expenditures - speech, ot, pt & related services					
Salaries	531,728	(6,889)	524,839	524,050	789
Purchased professional - educational services	5,838	18,997	24,835	24,324	511
Supplies and materials	5,250	(600)	4,650	2,978	1,672
Total	542,816	11,508	554,324	551,352	2,972
Undistributed expend - other supp. service stds. - extra service					
Salaries	478,184	(125,972)	352,212	347,355	4,857
Purchased professional - educational services	392,870	(69,960)	322,910	241,344	81,566
Total	871,054	(195,932)	675,122	588,699	86,423
Undistributed expenditures - guidance					
Salaries of other professional staff	434,020	20,239	454,259	454,258	1
Supplies and materials	1,350	-	1,350	772	578
Total	435,370	20,239	455,609	455,030	579
Undistributed expenditures - child study teams					
Salaries of other professional staff	799,642	(16,167)	783,475	781,649	1,826
Salaries of secretarial and clerical assistants	92,437	(3,164)	89,273	81,709	7,564
Unused vacation payment to terminated/retired staff	-	156	156	78	78
Purchased professional - educational services	44,100	10,000	54,100	50,115	3,985
Other purchased services	34,490	(134)	34,356	19,593	14,763
Supplies and materials	26,448	(4,584)	21,864	7,506	14,358
Other objects	1,925	(606)	1,319	449	870
Total	999,042	(14,499)	984,543	941,099	43,444

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	\$ 86,250	\$ (38,640)	\$ 47,610	\$ 47,610	\$ -
Salaries of other professional staff	20,800	(204)	20,596	18,916	1,680
Salaries of secretarial & clerical assist	24,222	593	24,815	24,307	508
Unused vacation payment to terminated/retired staff	-	1,924	1,924	1,924	-
Purchased professional - educational services	-	40,000	40,000	35,500	4,500
Other purchased services	6,000	134	6,134	3,106	3,028
Supplies and materials	2,500	-	2,500	1,727	773
Other objects	4,250	-	4,250	318	3,932
<b>Total</b>	<b>144,022</b>	<b>3,807</b>	<b>147,829</b>	<b>133,408</b>	<b>14,421</b>
Undistributed expenditures - educ. media service/sch. library					
Salaries	368,757	(5,940)	362,817	362,816	1
Salaries of technology coordinators	93,840	2,346	96,186	93,840	2,346
Purchased professional and technical services	5,000	-	5,000	3,591	1,409
Supplies and materials	25,778	-	25,778	21,269	4,509
<b>Total</b>	<b>493,375</b>	<b>(3,594)</b>	<b>489,781</b>	<b>481,516</b>	<b>8,265</b>
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	86,250	(38,640)	47,610	47,610	-
Salaries of secretarial & clerical assist.	24,222	390	24,612	24,307	305
Unused vacation payment to terminated/retired staff	-	1,924	1,924	1,924	-
Purchased professional - educational services	75,000	29,300	104,300	70,617	33,683
Other purchased services	40,100	2,367	42,467	21,133	21,334
<b>Total</b>	<b>225,572</b>	<b>(4,659)</b>	<b>220,913</b>	<b>165,591</b>	<b>55,322</b>
Undistributed expend. - support service - general admin.					
Salaries	240,815	(19,642)	221,173	221,061	112
Legal services	70,140	35,000	105,140	101,970	3,170
Audit fees	30,500	-	30,500	30,200	300
Architectural/engineering services	14,000	(12,900)	1,100	1,100	-
Other purchased professional services	32,362	49,983	82,345	78,826	3,519
Communications/telephone	47,264	(18,953)	28,311	25,265	3,046
BOE other purchased services	2,500	(2,100)	400	-	400
Misc. purchased services	81,395	(8,324)	73,071	72,408	663
General supplies	2,750	(732)	2,018	1,322	696
BOE in-house training/meeting supplies	750	(700)	50	47	3
Miscellaneous expenditures	3,050	2,350	5,400	5,243	157
BOE membership dues and fees	13,500	-	13,500	13,143	357
<b>Total</b>	<b>539,026</b>	<b>23,982</b>	<b>563,008</b>	<b>550,585</b>	<b>12,423</b>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	658,060	16,452	674,512	673,854	658
Salaries of secretarial and clerical assistants	190,951	4,679	195,630	193,056	2,574
Unused vacation payment to terminated/retired staff	-	2,268	2,268	2,268	-
Other purchased services	26,260	(4,499)	21,761	15,371	6,390
Supplies and materials	-	289	289	289	-
Other objects	15,700	(1,576)	14,124	7,851	6,273
<b>Total</b>	<b>890,971</b>	<b>17,613</b>	<b>908,584</b>	<b>892,689</b>	<b>15,895</b>

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 341,850	\$ 13,756	\$ 355,606	\$ 355,606	\$ -
Unused vacation payment to terminated/retired staff	-	13,035	13,035	13,035	-
Purchased professional services	20,350	1,665	22,015	21,929	86
Purchased technical services	15,510	1,730	17,240	16,925	315
Miscellaneous purchased services	9,200	(315)	8,885	5,597	3,288
Supplies and materials	7,500	-	7,500	6,840	660
Interest on current loans	-	2,110	2,110	2,110	-
Other objects	1,700	(315)	1,385	1,185	200
<b>Total</b>	<b>396,110</b>	<b>31,666</b>	<b>427,776</b>	<b>423,227</b>	<b>4,549</b>
Undistributed expenditures - admin. info. technology					
Salaries	8,160	-	8,160	3,500	4,660
Purchased technical services	26,484	12,401	38,885	25,686	13,199
Other purchased services	9,022	(1,266)	7,756	3,994	3,762
Supplies and materials	1,125	-	1,125	607	518
<b>Total</b>	<b>44,791</b>	<b>11,135</b>	<b>55,926</b>	<b>33,787</b>	<b>22,139</b>
Undistributed expend. - required maint. for school facilities					
Salaries	311,648	(8,190)	303,458	298,444	5,014
Cleaning, repair, and maintenance services	350,407	287,212	637,619	463,451	174,168
Lead testing of drinking water	-	11,635	11,635	-	11,635
General supplies	104,159	21,646	125,805	105,501	20,304
Other objects	-	983	983	757	226
<b>Total</b>	<b>766,214</b>	<b>313,286</b>	<b>1,079,500</b>	<b>868,153</b>	<b>211,347</b>
Undistributed expenditures - custodial services					
Salaries	813,127	139,919	953,046	929,859	23,187
Salaries of non-instructional aides	98,390	(98,390)	-	-	-
Purchased professional and technical services	57,381	-	57,381	32,660	24,721
Cleaning, repair, and maintenance service	54,849	4,692	59,541	28,723	30,818
Other purchased property services	35,572	(6,980)	28,592	24,508	4,084
Insurance	118,552	(2,474)	116,078	113,927	2,151
Miscellaneous purchased services	3,913	(750)	3,163	1,288	1,875
General supplies	134,216	30,127	164,343	141,109	23,234
Energy (natural gas)	189,801	-	189,801	152,630	37,171
Energy (electricity)	413,935	-	413,935	401,886	12,049
Energy (oil)	11,816	-	11,816	5,336	6,480
Other objects	1,000	-	1,000	0	1,000
<b>Total</b>	<b>1,932,552</b>	<b>66,144</b>	<b>1,998,696</b>	<b>1,831,926</b>	<b>166,770</b>
Undistributed expenditures - care and upkeep of grounds					
Purchased professional and technical services	1,900	-	1,900	1,900	-
Cleaning, repair, and maintenance service	3,635	3,050	6,685	4,235	2,450
General supplies	31,886	(600)	31,286	14,461	16,825
<b>Total</b>	<b>37,421</b>	<b>2,450</b>	<b>39,871</b>	<b>20,596</b>	<b>19,275</b>

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	\$ 19,249	\$ 3,610	\$ 22,859	\$ 16,275	\$ 6,584
General supplies	15,539	-	15,539	5,139	10,400
Total	<u>34,788</u>	<u>3,610</u>	<u>38,398</u>	<u>21,414</u>	<u>16,984</u>
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	15,000	(10,000)	5,000	60	4,940
Salaries for pupil trans (between home & school) - reg.	7,101	178	7,279	7,267	12
Salaries for pupil trans (between home & school) - sp educ	7,101	178	7,279	7,268	11
Management fee - esc & ctsa trans. program	13,437	300	13,737	8,982	4,755
Other purchased professional and technical service	24,970	-	24,970	24,970	-
Contract service-aid in lieu pymts - non-public schools	36,884	-	36,884	31,190	5,694
Contract services (between home & school) - vendors	-	41,360	41,360	-	41,360
Contr. svc. (other than between home & school) - vend	50,470	-	50,470	22,708	27,762
Contr. service (between home & school) - joint agreements	148,044	-	148,044	147,338	706
Contract service (spl. educ. students) - vendors	176,406	-	176,406	111,519	64,887
Contract service (reg. students) - ESCs & CTSAs	1,234,158	(45,000)	1,189,158	1,168,346	20,812
Contract service (spl. educ. students) - ESCs & CTSAs	107,378	3,340	110,718	101,132	9,586
Miscellaneous purchased services - transportation	3,500	-	3,500	-	3,500
General supplies	500	-	500	-	500
Total	<u>1,824,949</u>	<u>(9,644)</u>	<u>1,815,305</u>	<u>1,630,780</u>	<u>184,525</u>
Unallocated benefits - employee benefits					
Social security contributions	420,520	(173,906)	246,614	241,981	4,633
Other retirement contributions - PERS	306,075	(6,946)	299,129	297,701	1,428
Other retirement contributions - regular	4,000	12,706	16,706	16,638	68
Unemployment compensation	75,000	-	75,000	-	75,000
Workmen's compensation	126,981	-	126,981	126,945	36
Health benefits	4,354,521	(75,159)	4,279,362	4,100,124	179,238
Tuition reimbursement	68,136	(5,400)	62,736	40,407	22,329
Other employee benefits	471,391	(392,032)	79,359	30,427	48,932
Unused sick payment to terminated/retired staff	-	18,897	18,897	18,897	-
Total	<u>5,826,624</u>	<u>(621,840)</u>	<u>5,204,784</u>	<u>4,873,120</u>	<u>331,664</u>
On-behalf TPAF pension contribution	-	-	-	1,250,070	(1,250,070)
On-behalf TPAF post retirement medical benefits	-	-	-	1,041,592	(1,041,592)
Reimbursed TPAF Social Security contribution	-	-	-	954,519	(954,519)
On-behalf TPAF long term disability insurance	-	-	-	2,972	(2,972)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,249,153</u>	<u>(3,249,153)</u>
Total undistributed expenditures	<u>\$ 16,997,660</u>	<u>\$ (337,074)</u>	<u>\$ 16,660,586</u>	<u>\$ 18,558,794</u>	<u>\$ (1,898,208)</u>
Total current	<u>\$ 28,575,082</u>	<u>\$ 188,127</u>	<u>\$ 28,763,209</u>	<u>\$ 30,336,652</u>	<u>\$ (1,573,443)</u>

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Capital outlay					
Equipment					
Kindergarten	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -
Grades 6-8	-	5,995	5,995	5,995	-
Undistributed					
Undistributed expenditures - admin. info. technology	-	31,591	31,591	-	31,591
Undistributed expend. - required maint. for school facilities	12,087	9,400	21,487	17,096	4,391
Total equipment	<u>22,087</u>	<u>46,986</u>	<u>69,073</u>	<u>33,091</u>	<u>35,982</u>
Facilities acquisition and construction service					
Architectural/engineering services	23,235	3,719	26,954	26,517	437
Other purchased professional and technology services	6,885	-	6,885	5,820	1,065
Construction services	465,641	410,858	876,499	761,952	114,547
Lease purchase agreements principal	-	57,813	57,813	57,344	469
Bldgs. other than lease purchase agreements	59,923	(59,923)	-	-	-
Assessment for debt service on SDA funding	89,009	-	89,009	89,009	-
Total facilities acquisition and construction service	<u>644,693</u>	<u>412,467</u>	<u>1,057,160</u>	<u>940,642</u>	<u>116,518</u>
Total capital outlay	<u>\$ 666,780</u>	<u>\$ 459,453</u>	<u>\$ 1,126,233</u>	<u>\$ 973,733</u>	<u>\$ 152,500</u>
Special schools					
Summer school - instruction					
Salaries of teachers	\$ 38,500	\$ (2,734)	\$ 35,766	\$ 35,766	\$ -
Other salaries for instruction	20,000	2,340	22,340	22,340	-
Purchased professional and technical services	2,000	(2,000)	-	-	-
General supplies	1,500	(609)	891	891	-
Total	<u>62,000</u>	<u>(3,003)</u>	<u>58,997</u>	<u>58,997</u>	<u>-</u>
Total special schools	<u>\$ 62,000</u>	<u>\$ (3,003)</u>	<u>\$ 58,997</u>	<u>\$ 58,997</u>	<u>\$ -</u>
Total expenditures	<u>\$ 29,303,862</u>	<u>\$ 644,577</u>	<u>\$ 29,948,439</u>	<u>\$ 31,369,382</u>	<u>\$ (1,420,943)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,146,047)</u>	<u>\$ (644,577)</u>	<u>\$ (3,790,624)</u>	<u>\$ (2,053,010)</u>	<u>\$ 1,737,614</u>
Other financing sources (uses)					
Operating transfer in					
Transfers from capital projects fund	-	-	-	74,155	74,155
Operating transfer out					
Transfer to food service fund - board contribution	-	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>49,155</u>	<u>74,155</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(3,146,047)	(669,577)	(3,815,624)	(2,003,855)	1,811,769
Fund balances, July 1	4,805,665	-	4,805,665	4,805,665	-
Fund balances, June 30	<u>\$ 1,659,618</u>	<u>\$ (669,577)</u>	<u>\$ 990,041</u>	<u>\$ 2,801,810</u>	<u>\$ 1,811,769</u>

See independent auditors' report.



**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (2,865,632)	\$ -	\$ (2,865,632)	\$ (2,865,632)	\$ -
Increase in capital reserve	-	831,006	831,006	831,006	-
Interest deposit to capital reserve	1,500	1,086	2,586	2,586	-
Withdrawal from capital reserve	-	(414,578)	(414,578)	(414,578)	-
Increase in maintenance reserve	-	347,706	347,706	347,706	-
Withdrawal from maintenance reserve	-	(255,000)	(255,000)	(255,000)	-
Budgeted fund balance	(281,915)	(1,179,797)	(1,461,712)	350,057	1,811,769
Total	<u>\$ (3,146,047)</u>	<u>\$ (669,577)</u>	<u>\$ (3,815,624)</u>	<u>\$ (2,003,855)</u>	<u>\$ 1,811,769</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 1,258,301	
Maintenance reserve				390,706	
Committed fund balance					
Year-end encumbrances				336,121	
Assigned fund balance					
Designated for subsequent year's expenditures				241,023	
Unassigned fund balance				<u>575,659</u>	
Fund balance per budgetary basis				2,801,810	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(223,346)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 2,578,464</u>	

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
Local sources	\$ 21,586	\$ -	\$ 21,586	\$ 20,832	\$ (754)
State sources	232,219	(70,535)	161,684	161,684	-
Federal sources	475,134	-	475,134	430,861	(44,273)
<b>Total revenues</b>	<b>\$ 728,939</b>	<b>\$ (70,535)</b>	<b>\$ 658,404</b>	<b>\$ 613,377</b>	<b>\$ (45,027)</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Salaries	\$ 18,300	\$ -	\$ 18,300	\$ 18,300	\$ -
Purchased professional & technical services	152,627	(69,585)	83,042	83,042	-
Other purchased services	324,229	-	324,229	324,229	-
General supplies	42,084	(4,050)	38,034	34,717	3,317
Textbooks	23,172	(189)	22,983	22,983	-
<b>Totals</b>	<b>560,412</b>	<b>(73,824)</b>	<b>486,588</b>	<b>483,271</b>	<b>3,317</b>
<b>Support services</b>					
Employee benefits	4,758	-	4,758	4,758	-
Purchased professional & technical services	146,221	1,789	148,010	107,084	40,926
Other purchased services	3,200	1,500	4,700	3,916	784
General supplies	2,902	-	2,902	2,902	-
<b>Total</b>	<b>157,081</b>	<b>3,289</b>	<b>160,370</b>	<b>118,660</b>	<b>41,710</b>
<b>Facility acquisition and construction services</b>					
Instructional equipment	11,446	-	11,446	11,446	-
<b>Total expenditures</b>	<b>\$ 728,939</b>	<b>\$ (70,535)</b>	<b>\$ 658,404</b>	<b>\$ 613,377</b>	<b>\$ 45,027</b>

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the 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	\$ 29,316,372	\$ 613,377
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	-	34,491
Outstanding encumbrances - adjustment	-	(4,526)
Outstanding encumbrances - current year	-	(8,843)
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	219,778	-
State aid receivable current year	(223,346)	-
Asset trade-in values of capital assets are not recognized for budgetary basis purposes but treated as an additional revenue for GAAP purposes	9,000	-
Total revenues (GAAP basis)	\$ 29,321,804	\$ 634,499

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the 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	\$ 31,369,382	\$ 613,377
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	-	34,491
Outstanding encumbrances - adjustment	-	(4,526)
Outstanding encumbrances - current year	-	(8,843)
Asset trade-in values of capital assets are not recognized for budgetary basis purposes but treated as an additional expenditure for GAAP purposes	9,000	-
Total expenditures (GAAP basis)	\$ 31,378,382	\$ 634,499

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING  
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.0301689902%	0.0343432683%	0.0355776482%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 8,935,190	\$ 7,709,376	\$ 6,661,109	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	\$ 2,247,236	\$ 2,049,620	\$ 2,355,925	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	397.61%	376.14%	282.74%	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	40.14%	47.93%	52.08%	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**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 268,017	\$ 295,260	\$ 293,297	\$ 260,969	\$ 274,614	\$ 319,481	\$ 316,175	\$ 253,592	\$ 125,371	\$ 195,508
Contributions in relation to the contractually required contribution	<u>(268,017)</u>	<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>
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	\$ 2,247,236	\$ 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
Contributions as a percentage of covered employee payroll	11.93%	14.08%	14.31%	11.08%	11.34%	13.65%	13.17%	8.68%	4.27%	7.01%

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**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	-	94,294,763	74,196,743	64,074,645	-	-	-	-	-	-
Total	\$ -	\$ 94,294,763	\$ 74,196,743	\$ 64,074,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 11,001,425	\$ 11,364,829	\$ 11,690,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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%	22.33%	28.71%	33.64%	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**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,250,070	\$ 959,700	\$ 634,664	\$ 507,163	\$ 714,252	\$ 340,143	\$ 33,406	\$ 35,353	\$ 34,982	\$ 743,995
Contributions in relation to the contractually required contribution	(1,250,070)	(959,700)	(634,664)	(507,163)	(714,252)	(340,143)	(33,406)	(35,353)	(34,982)	(743,995)
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	\$ 11,770,823	\$ 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
Contributions as a percentage of covered employee payroll	10.62%	8.72%	5.58%	4.34%	6.11%	3.01%	0.32%	0.32%	0.34%	7.31%

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2017**

- 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.
- Note 2 - Changes in assumptions - TPAF  
The discount rate decreased from 4.13% in State fiscal year 2015 to 3.22% in State fiscal year 2016. The inflation rate was 2.50% for State fiscal years 2015 and 2016.
- Note 3 - Changes in assumptions - PERS  
The discount rate decreased from 4.90% in State fiscal year 2015 to 3.98% in State fiscal year 2016. The inflation rate increased from 3.04% for State fiscal year 2015 to 3.08% for State fiscal year 2016.

## **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, 2017**

	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Preschool	Non-public Grants	Local Grants	Total
<b>Revenues</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,832	\$ 20,832
State sources	-	-	-	-	161,684	-	161,684
Federal sources	23,177	19,972	376,191	11,521	-	-	430,861
Total revenues	<u>\$ 23,177</u>	<u>\$ 19,972</u>	<u>\$ 376,191</u>	<u>\$ 11,521</u>	<u>\$ 161,684</u>	<u>\$ 20,832</u>	<u>\$ 613,377</u>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 18,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,300
Purchased professional & technical services	-	-	-	-	83,042	-	83,042
Other purchased services	-	-	324,229	-	-	-	324,229
General supplies	119	-	-	5,762	20,150	8,686	34,717
Textbooks	-	-	-	-	22,983	-	22,983
Total	<u>18,419</u>	<u>-</u>	<u>324,229</u>	<u>5,762</u>	<u>126,175</u>	<u>8,686</u>	<u>483,271</u>
<b>Support services</b>							
Employee benefits	4,758	-	-	-	-	-	4,758
Purchased professional & technical services	-	14,570	51,962	5,043	35,509	-	107,084
Other purchased services	-	2,500	-	716	-	700	3,916
Supplies and materials	-	2,902	-	-	-	-	2,902
Total	<u>4,758</u>	<u>19,972</u>	<u>51,962</u>	<u>5,759</u>	<u>35,509</u>	<u>700</u>	<u>118,660</u>
<b>Facilities acquisition &amp; construction services</b>							
Instructional equipment	-	-	-	-	-	11,446	11,446
Total expenditures	<u>\$ 23,177</u>	<u>\$ 19,972</u>	<u>\$ 376,191</u>	<u>\$ 11,521</u>	<u>\$ 161,684</u>	<u>\$ 20,832</u>	<u>\$ 613,377</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, 2017**

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/17
			Prior Years	Current Year	
Spruce Run School security upgrades including vestibule and exterior doors	05/02/14	423,934	408,474	15,460	-
Patrick Mc Gaهران School security upgrades including vestibule and exterior doors	05/02/14	430,928	417,487	13,441	-
Round Valley School security upgrades including vestibule and exterior doors	05/02/14	611,049	565,795	45,254	-
		<u>\$ 1,465,911</u>	<u>\$ 1,391,756</u>	<u>\$ 74,155</u>	<u>-</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, 2017**

Expenditures and other financing uses	
Transfer to capital reserve	\$ 74,155
Total expenditures	<u>74,155</u>
Excess (deficiency) of revenues over (under) expenditures	(74,155)
Fund balance - beginning	<u>74,155</u>
Fund balance - ending	<u><u>\$ -</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**  
**Spruce Run School Security Upgrades**  
**Including Vestibule and Exterior Doors**  
**For the Fiscal Year Ended June 30, 2017**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfer from capital reserve fund	\$ 312,576	\$ -	\$ 312,576	\$ 312,576
State sources				
NJ SDA aid	111,358	-	111,358	111,358
Total revenues	<u>423,934</u>	<u>-</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	224,301	-	224,301	224,301
Other costs	212	-	212	212
Transfer to capital reserve fund	137,961	15,460	153,421	153,421
Total expenditures	<u>408,474</u>	<u>15,460</u>	<u>423,934</u>	<u>423,934</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 15,460</u>	<u>\$ (15,460)</u>	<u>\$ -</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
Reduction in authorized cost	\$ (97,026)
Revised authorized cost	\$ 423,934
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**  
**Patrick Mc Gaهران School Security Upgrades**  
**Including Vestibule and Exterior Doors**  
**For the Fiscal Year Ended June 30, 2017**

	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	125,441	-	125,441	125,441
Total revenues	<u>430,928</u>	<u>-</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	263,499	-	263,499	263,499
Other costs	213	-	213	213
Transfer to capital reserve	108,775	13,441	122,216	122,216
Total expenditures	<u>417,487</u>	<u>13,441</u>	<u>430,928</u>	<u>430,928</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 13,441</u>	<u>\$ (13,441)</u>	<u>\$ -</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
Reduction in authorized cost	\$ (78,217)
Revised authorized cost	\$ 430,928
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**  
**Round Valley Middle School Security Upgrades**  
**Including Vestibule and Exterior Doors**  
**For the Fiscal Year Ended June 30, 2017**

	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	212,712	-	212,712	212,712
Total revenues	<u>611,049</u>	<u>-</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	466,198	-	466,198	466,198
Other costs	314	-	314	314
Transfer to capital reserve	41,283	45,254	86,537	86,537
Total expenditures	<u>565,795</u>	<u>45,254</u>	<u>611,049</u>	<u>611,049</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 45,254</u>	<u>\$ (45,254)</u>	<u>\$ -</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
Reduction in authorized cost	\$ (52,846)
Revised authorized cost	\$ 611,049
Percentage completion	100%

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**  
**Enterprise Fund**  
**Statement of Fund Net Position**  
**June 30, 2017**

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash & cash equivalents	\$ 11
Due from other funds	15,013
Receivables from other governments	
State	202
Federal	3,088
Accounts receivable - other	315
Inventory	8,102
Total current assets	<u>26,731</u>
Noncurrent assets	
Capital assets	168,139
Less: accumulated depreciation	<u>157,636</u>
Total noncurrent assets	<u>10,503</u>
Total assets	<u>37,234</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,102
Unearned revenues - prepaid sales	<u>12,048</u>
Total liabilities	<u>13,150</u>
Net position	
Net investment in capital assets	10,503
Unrestricted	<u>13,581</u>
Total net position	<u>\$ 24,084</u>

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2017**

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 244,488
Daily sales - non-reimbursable programs	145,284
Total operating revenues	389,772
Operating expenses	
Cost of sales - reimbursable programs	146,648
Cost of sales - non-reimbursable programs	79,398
Salaries	147,736
Employee benefits	31,021
Purchased property services	31,144
Insurance	2,545
Management fee	15,754
Other purchased services	6,677
Supplies and materials	8,387
Commodity food costs	32,998
Depreciation	1,489
Miscellaneous	3,081
Total operating expenses	506,878
Operating income (loss)	(117,106)
Non-operating revenues (expenses)	
State sources	
State school lunch program	3,719
Federal sources	
National school lunch program	
Cash assistance	56,517
Non-cash assistance (commodities)	32,998
Other sources	
Interest earned on investments	306
Total non-operating revenues (expenses)	93,540
Other financing sources	
Operating transfer in	25,000
Change in net position	1,434
Net position, beginning	22,650
Net position, ending	\$ 24,084

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2017**

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ 390,924
Payment to Food Service Management Co.	(433,175)
Payments to vendors (net)	(40,778)
Net cash provided by (used for) operating activities	(83,029)
Cash flows from noncapital related financing activities	
State sources	4,062
Federal sources	61,391
General fund interfund activity	10,200
Net cash provided by (used for) noncapital financing activities	75,653
Cash flows from investing activities	
Interest earned on investments	306
Net increase (decrease) in cash and cash equivalents	(7,070)
Cash and cash equivalents, beginning	7,081
Cash and cash equivalents, ending	\$ 11
Reconciliation of operating income to net cash	
Operating activities	
Operating income (loss)	\$ (117,106)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,489
Federal food donation program	32,998
(Increase) decrease in accounts receivable	440
(Increase) decrease in inventory	1,615
Increase (decrease) in unearned revenue	(2,465)
Net cash provided by (used for) operating activities	\$ (83,029)

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 Statement of Net Position**  
**June 30, 2017**

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 175,266	\$ 108,577	\$ 47,372	\$ 331,215
<b>Total assets</b>	<b>\$ 175,266</b>	<b>\$ 108,577</b>	<b>\$ 47,372</b>	<b>\$ 331,215</b>
<b>Liabilities</b>				
Due to other funds	\$ 75,000	\$ -	\$ 16,206	\$ 91,206
Accumulated interest	-	-	467	467
Due to students groups	-	108,577	-	108,577
Payroll deductions & withholdings	-	-	30,699	30,699
<b>Total liabilities</b>	<b>75,000</b>	<b>108,577</b>	<b>47,372</b>	<b>230,949</b>
<b>Net position</b>				
Held in trust for unemployment claims & other purposes	\$ 100,266	\$ -	\$ -	\$ 100,266

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Unemployment Compensation Fund</u>
Additions	
Employee contributions	\$ 25,633
Investment earnings - interest	753
Total additions	<u>26,386</u>
Deductions	
Unemployment claims	<u>19,046</u>
Change in net position	7,340
Net position - beginning of the year	<u>92,926</u>
Net position - end of the year	<u><u>\$ 100,266</u></u>

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund Schedule of Receipts & Disbursements**  
**For the Fiscal Year Ended June 30, 2017**

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
<b>Assets</b>				
Cash and cash equivalents	\$ 104,877	\$ 151,517	\$ 147,817	\$ 108,577
<b>Total assets</b>	<b>\$ 104,877</b>	<b>\$ 151,517</b>	<b>\$ 147,817</b>	<b>\$ 108,577</b>
<b>Liabilities</b>				
Due to student groups				
Spruce Run School	\$ 16,619	\$ 8,611	\$ 7,111	\$ 18,119
Patrick McGaheran School	12,528	11,293	14,472	9,349
Round Valley School	22,573	32,593	31,809	23,357
Clinton Twp. Middle School	53,157	99,020	94,425	57,752
<b>Total liabilities</b>	<b>\$ 104,877</b>	<b>\$ 151,517</b>	<b>\$ 147,817</b>	<b>\$ 108,577</b>

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund Schedule of Receipts & Disbursements**  
**For the Fiscal Year Ended June 30, 2017**

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
<b>Assets</b>				
Cash and cash equivalents	\$ 48,407	\$ 18,117,511	\$ 18,118,546	\$ 47,372
<b>Total assets</b>	<b>\$ 48,407</b>	<b>\$ 18,117,511</b>	<b>\$ 18,118,546</b>	<b>\$ 47,372</b>
<b>Liabilities</b>				
Due to other funds	\$ 16,206	\$ 500	\$ 500	\$ 16,206
Accumulated interest	375	92	-	467
Payroll deductions and withholdings	31,826	8,331,497	8,332,624	30,699
Net payroll	-	9,785,422	9,785,422	-
<b>Total liabilities</b>	<b>\$ 48,407</b>	<b>\$ 18,117,511</b>	<b>\$ 18,118,546</b>	<b>\$ 47,372</b>

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, 2017**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/16	Issued	Retired	Balance 6/30/17
			Date	Amount					
2011 Refunding issue of 2003 series	06/30/11	\$ 12,100,000	01/15/2018	\$ 965,000	4.00%	\$ -	\$ -	\$ -	\$ -
			01/15/2019	1,015,000	5.00%	-	-	-	-
			01/15/2020	1,070,000	5.00%	-	-	-	-
			01/15/2021	1,130,000	5.00%	-	-	-	-
			01/15/2022	1,190,000	5.00%	-	-	-	-
			01/15/2023	1,255,000	5.00%	-	-	-	-
			01/15/2024	955,000	5.00%	8,505,000	-	925,000	7,580,000
2012 Refunding issue of 2003 series	12/22/11	10,630,000	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%	10,340,000	-	30,000	10,310,000

See independent auditor's report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds (continued)**  
**For the Fiscal Year Ended June 30, 2017**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/16	Issued	Retired	Balance 6/30/17
			Date	Amount					
2015 Refunding issue of 2006 series	10/28/15	\$ 8,680,000	01/15/2018	\$ 25,000	3.000%	\$ -	\$ -	\$ -	\$ -
			01/15/2019	25,000	3.000%	-	-	-	-
			01/15/2020	25,000	3.000%	-	-	-	-
			01/15/2021	25,000	3.000%	-	-	-	-
			01/15/2022	25,000	3.000%	-	-	-	-
			01/15/2023	30,000	3.000%	-	-	-	-
			01/15/2024	30,000	3.000%	-	-	-	-
			01/15/2025	30,000	3.000%	-	-	-	-
			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	3.214%	-	-	-	-
			01/15/2030	35,000	3.214%	-	-	-	-
			01/15/2031	1,950,000	3.256%	-	-	-	-
			01/15/2032	2,005,000	3.375%	-	-	-	-
01/15/2033	2,065,000	4.000%	-	-	-	-			
01/15/2034	2,135,000	4.000%			8,560,000	-	20,000	8,540,000	
					<u>\$ 27,405,000</u>	<u>\$ -</u>	<u>\$ 975,000</u>	<u>\$26,430,000</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, 2017**

Description	Interest Rate	Amount of Original Issue	Balance 07/01/16	Issued	Retired	Balance 06/30/17
Network infrastructure and a tractor	1.82%	175,000	\$ 115,733	-	\$ 57,344	\$ 58,389

See independent auditor's report.



**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 2,091,567	\$ -	\$ 2,091,567	\$ 2,091,567	\$ -
Total revenues	<u>2,091,567</u>	<u>-</u>	<u>2,091,567</u>	<u>2,091,567</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	975,000	-	975,000	975,000	-
Interest on bonds	1,118,007	-	1,118,007	1,118,006	1
Total expenditures	<u>2,093,007</u>	<u>-</u>	<u>2,093,007</u>	<u>2,093,006</u>	<u>1</u>
Net change in fund balance	(1,440)	-	(1,440)	(1,439)	1
Fund balance, July 1	<u>393,163</u>	<u>-</u>	<u>393,163</u>	<u>393,163</u>	<u>-</u>
Fund balance, June 30	<u>\$ 391,723</u>	<u>\$ -</u>	<u>\$ 391,723</u>	<u>\$ 391,724</u>	<u>\$ 1</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Budgeted fund balance	<u>\$ (1,440)</u>	<u>\$ -</u>	<u>\$ (1,440)</u>	<u>\$ (1,439)</u>	<u>\$ 1</u>

See independent auditors' report.

## **Statistical Section**

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Statistical Section J Series**

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
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
<b>REVENUE CAPACITY</b>	
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
<b>DEBT CAPACITY</b>	
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
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
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
<b>OPERATING INFORMATION</b>	
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)**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government activities										
Net investment in capital assets	\$ 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	\$ 25,862,605
Restricted	468,803	439,811	360,271	725,276	687,759	1,623,134	1,999,577	2,473,779	1,604,605	2,040,731
Unrestricted	(376,947)	(115,575)	(86,029)	(369,994)	144,549	(1,095,792)	(7,316,596)	(6,572,794)	(5,061,778)	(7,925,307)
Total governmental activities	<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>	<u>\$ 19,978,029</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 14,089	\$ 19,873	\$ 15,177	\$ 10,481	\$ 13,481	\$ 11,992	\$ 10,503
Unrestricted	-	-	-	12,144	4,894	720	15,525	13,453	10,658	13,581
Total business-type activities	<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>	<u>\$ 24,084</u>
District-wide										
Net investment in capital assets	\$ 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	\$ 25,873,108
Restricted	468,803	439,811	360,271	725,276	687,759	1,623,134	1,999,577	2,473,779	1,604,605	2,040,731
Unrestricted	(376,947)	(115,575)	(86,029)	(357,850)	149,443	(1,095,072)	(7,301,071)	(6,559,341)	(5,051,120)	(7,911,726)
Total district-wide	<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>	<u>\$ 20,002,113</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 15,254,518
Special education	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	6,289,955
Other special education	277,501	401,992	338,861	429,705	454,506	825,701	907,843	1,215,570	1,237,448	1,722,812
Other instruction	97,082	166,473	165,740	52,817	30,593	82,329	87,515	92,121	116,205	151,874
Support services										
Tuition	578,004	616,096	740,675	644,832	687,219	851,271	873,557	664,972	467,098	557,171
Student & instruction related services	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	7,331,631
General & business administrative services	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	1,580,503
School administration	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	1,818,026
Plant operations & maintenance	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	3,625,818
Pupil transportation	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	1,683,011
Food services	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	116,111
Interest on long-term debt	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	1,198,120
Total governmental activities expenses	<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>	<u>41,329,550</u>
Business-type activities										
Food service	-	-	-	485,150	481,361	468,526	428,496	421,896	462,129	506,878
Total business-type activities	<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>	<u>506,878</u>
Total district expenses	<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>	<u>\$ 41,836,428</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 414,764	\$ 415,117	\$ 426,432	\$ 484,226	\$ 426,078	\$ 377,789	\$ 344,801	\$ 384,771	\$ 422,951	\$ 500,399
Special education instruction	-	86,190	31,666	123,977	156,779	67,775	89,808	70,279	257,962	169,779
Other instruction	7,667	-	-	46,806	-	63,806	-	-	-	8,850
Other support services-tuition	-	-	-	-	-	-	2,787	-	-	-
Student & instruction related services	-	-	48,583	51,253	46,292	43,275	47,144	26,097	3,357	30,451
General & business administrative services	1,825	83,074	38,777	39,878	40,817	38,000	5,312	-	-	-
Plant operations & maintenance	98,525	117,669	83,487	58,657	58,944	67,447	67,589	61,154	46,502	49,444
Pupil transportation	16,400	19,800	15,978	19,784	29,569	38,812	34,054	32,687	59,619	41,360
Special schools	-	-	-	-	-	-	7,340	-	1,582	-
Operating grants & contributions	735,230	765,351	955,369	1,034,344	764,091	644,603	837,903	802,768	615,914	634,499
Capital grants & contributions	119,127	102,062	-	-	-	-	59,895	444,426	(81,648)	-
Total governmental activities program revenues	<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>	<u>1,434,782</u>
Business-type activities										
Charges for services										
Food service	-	-	-	429,007	401,046	375,792	353,767	348,680	373,016	389,772
Operating grants & contributions	-	-	-	60,628	78,106	82,351	82,423	73,937	84,583	93,234
Total business-type activities program revenues	<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>	<u>483,006</u>
Total district-program revenues	<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>	<u>\$ 1,917,788</u>
Net (expense) revenues										
Governmental activities	\$ (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)	\$ (39,894,768)
Business-type activities	-	-	-	4,485	(2,209)	(10,383)	7,694	721	(4,530)	(23,872)
Total district-wide net expenses	<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>	<u>\$ (39,918,640)</u>

See independent auditors' report.

**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 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	\$ 22,813,416
Taxes levied for debt service	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	2,091,567
Unrestricted grants & contributions	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	12,831,589
Investment earnings	315,590	40,880	13,115	7,158	44,481	21,233	21,145	22,077	24,697	34,577
Miscellaneous income	38,971	182,299	247,523	440,747	275,186	100,756	98,724	143,115	234,274	112,829
Transfers in (out)	(10,000)	(16,000)	(145,939)	(100,000)	(75,000)	(45,000)	-	(50,000)	(60,000)	(25,000)
Special item-gain/(loss) on deletion of assets	(12,324)	(1,524)	-	-	-	-	(6,657)	250	(33,181)	7,800
Special item-gain/(loss) on transfer of assets	-	-	-	(21,713)	-	-	-	-	-	-
Special item-payment to refunding bond agent	-	-	-	(519,110)	(228,991)	-	-	-	-	-
Special item-insurance proceeds for flood damage	-	-	-	-	-	42,104	-	-	-	-
Total governmental activities	<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>	<u>37,866,778</u>
Business-type activities										
Investment earnings	-	-	-	35	435	188	183	207	246	306
Miscellaneous income	-	-	-	21,713	308	1,325	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	25,000
Total business-type activities	<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>	<u>25,306</u>
Total district-wide	<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>	<u>\$ 37,892,084</u>
Change in net position										
Governmental activities	\$ 746,982	\$ 852,794	\$ (153,589)	\$ 634,213	\$ (159,599)	\$ 145,751	\$ 845,587	\$ 1,745,858	\$ 1,109,625	\$ (2,027,990)
Business-type activities	-	-	-	26,233	(1,466)	(8,870)	7,877	928	(4,284)	1,434
Total district	<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>	<u>\$ (2,026,556)</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Restricted	\$ 62,727	\$ 177,339	\$ 302,485	\$ 623,082	\$ 607,110	\$ 1,529,068	\$ 929,792	\$ 2,115,969	\$ 1,328,179	\$ 1,649,007
Committed	420,382	28,288	72,201	130,975	569,816	101,456	366,647	988,770	2,865,632	336,121
Assigned	409,690	500,000	494,953	635,351	646,498	153,426	200,000	240,000	91,023	241,023
Unassigned	379,870	628,376	521,381	860,394	719,270	628,567	514,457	382,034	301,053	352,313
Total general fund	<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>	<u>\$ 2,578,464</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 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	<u>286,905</u>	<u>207,382</u>	<u>8,058</u>	<u>901</u>	<u>61,857</u>	<u>71,772</u>	<u>-</u>	<u>-</u>	<u>393,163</u>	<u>391,724</u>
Total all other governmental funds	<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>	<u>\$ 391,724</u>

See independent auditors' report.



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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax levy	\$ 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	\$ 24,904,983
Tuition charges	414,764	501,307	458,098	608,203	582,857	444,124	434,609	455,050	598,030	670,178
Transportation fees	16,400	19,800	15,978	15,978	26,317	-	-	-	23,904	-
Interest earnings	315,590	40,880	13,115	7,158	44,481	21,233	21,145	22,077	24,697	34,577
Miscellaneous	81,192	314,343	422,640	562,296	156,996	137,568	110,388	164,644	200,724	105,312
State sources	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	5,908,334
State sources-capital projects	119,127	102,062	-	-	-	-	59,895	444,426	(81,648)	-
Federal sources	442,214	432,002	622,422	731,633	609,711	414,257	584,847	520,420	450,501	424,486
<b>Total revenues</b>	<b>29,215,611</b>	<b>29,204,169</b>	<b>29,330,580</b>	<b>29,469,865</b>	<b>29,957,431</b>	<b>30,951,992</b>	<b>31,355,865</b>	<b>31,897,071</b>	<b>31,974,022</b>	<b>32,047,870</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	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	7,769,090
Special education instruction	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	3,115,056
Other special instruction	221,028	278,481	233,327	270,107	284,442	521,774	580,738	641,572	608,461	806,624
School sponsored/other instructional	75,609	118,432	112,630	3,735	19,729	12,559	61,655	62,836	73,169	87,088
<b>Support services</b>										
Tuition	578,004	616,096	692,865	556,493	680,719	817,218	388,568	309,736	467,098	232,942
Student & inst related services	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	3,930,422
General administration	637,450	543,258	535,962	558,046	558,990	489,321	450,982	436,175	500,190	550,585
School administration services	937,436	951,734	1,013,008	884,959	853,486	895,970	865,515	964,085	837,796	892,689
Central services	367,992	439,975	424,616	425,335	369,223	366,229	381,322	387,377	394,432	423,227
Administrative information technology	257,582	158,753	122,012	102,284	132,882	31,644	22,610	19,668	19,637	33,787
Plant operations & maintenance	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	2,742,089
Pupil transportation	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	1,630,780
Employee benefits	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	4,873,120
Food service	14,900	19,102	22,392	-	-	-	-	-	-	-
On-behalf TPAF pension & Social Security contribution	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	3,249,153
Capital outlay	389,729	104,220	24,483	119,853	91,430	597,302	213,345	62,591	1,296,005	836,380
Special schools	108,902	135,731	161,276	59,163	56,029	72,806	70,411	52,892	56,380	58,997
Special revenue funds	735,230	765,351	955,369	1,034,344	764,091	639,308	837,903	802,768	615,914	634,499
Capital projects	1,843,402	101,690	29,177	259,437	153,082	-	638,412	906,897	215,464	-
<b>Debt service</b>										
Principal	1,279,799	1,439,800	1,245,000	1,280,000	1,225,000	860,000	880,000	905,000	1,119,267	1,032,344
Interest & other charges	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	1,207,015
<b>Total expenditures</b>	<b>30,900,127</b>	<b>29,206,586</b>	<b>29,356,125</b>	<b>28,777,677</b>	<b>29,681,665</b>	<b>31,069,358</b>	<b>30,863,004</b>	<b>30,577,339</b>	<b>31,813,629</b>	<b>34,105,887</b>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (deficiency) of revenues over (under) expenditures	\$ (1,684,516)	\$ (2,417)	\$ (25,545)	\$ 692,188	\$ 275,766	\$ (117,366)	\$ 492,861	\$ 1,319,732	\$ 160,393	\$ (2,058,017)
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	4,135	600	-	1,210,666	-	-	-	-	305,937	-
Proceeds from refunding bond issue	-	-	-	12,100,000	10,630,000	-	-	-	8,680,000	-
Payment to refunding bond escrow agent	-	-	-	(13,149,110)	(10,308,991)	-	-	-	(8,873,568)	-
Discount on bond issue	-	-	-	-	(174,805)	-	-	-	-	-
Proceeds from deletion of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(10,000)	(16,000)	(145,939)	(100,000)	(75,000)	(45,000)	-	(50,000)	(60,000)	(25,000)
Total other financing sources (uses)	126,651	(15,400)	(145,939)	61,556	71,204	(2,896)	-	(50,000)	227,369	(25,000)
Net change in fund balances	<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>	<u>\$ (2,083,017)</u>
Debt service as a percentage of non-capital expenditures	13.21%	11.86%	10.57%	10.99%	8.17%	7.85%	8.08%	8.19%	8.24%	7.22%

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)**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Interest income	\$ 151,759	\$ 34,237	\$ 12,300	\$ 7,072	\$ 44,481	\$ 21,233	\$ 21,145	\$ 22,077	\$ 24,697	\$ 34,577
Tuition	414,764	501,307	458,098	608,203	582,857	444,124	434,609	455,050	598,030	670,178
Transportation fees	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 benefits	-	-	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	34,673
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	2,417	120	838	17,033	2,909	12,210	-	-	-	96
Prior year accounts payable canceled	325	31,932	6,439	3,370	2,646	-	10,952	225	-	-
Prior year outstanding checks canceled	-	5,246	600	73	-	-	-	900	-	2,066
Prior year insurance claims	-	-	-	3,706	-	-	-	-	-	-
Sale of assets	-	37,659	-	-	18	-	-	250	3,500	9,000
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	-	-	-	1,901
Miscellaneous other	286	2,872	1,022	682	1,757	578	766	4,984	868	9,247
<b>Annual totals</b>	<b>\$ 601,554</b>	<b>\$ 841,356</b>	<b>\$ 855,299</b>	<b>\$ 1,140,647</b>	<b>\$ 784,066</b>	<b>\$ 563,582</b>	<b>\$ 518,312</b>	<b>\$ 580,865</b>	<b>\$ 823,742</b>	<b>\$ 761,738</b>

Source: District Records

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Vacant land	\$ 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	\$ 12,170,800
Residential	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	1,725,515,200
Farm regular	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	50,999,200
Q farm	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	2,660,200
Commercial	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	186,206,700
Industrial	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	155,262,100
Apartment	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	19,342,900
<b>Total assessed value</b>	<b>2,593,290,816</b>	<b>2,592,185,316</b>	<b>2,531,799,100</b>	<b>2,423,141,300</b>	<b>2,205,345,700</b>	<b>2,140,991,400</b>	<b>2,135,520,800</b>	<b>2,149,136,500</b>	<b>2,151,066,200</b>	<b>2,152,157,100</b>
Public utilities (a)	14,613,079	13,462,227	11,039,724	8,858,764	7,336,516	5,974,452	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 2,607,903,895</b>	<b>\$ 2,605,647,543</b>	<b>\$ 2,542,838,824</b>	<b>\$ 2,432,000,064</b>	<b>\$ 2,212,682,216</b>	<b>\$ 2,146,965,852</b>	<b>\$ 2,135,520,800</b>	<b>\$ 2,149,136,500</b>	<b>\$ 2,151,066,200</b>	<b>\$ 2,152,157,100</b>
Estimated actual county equalized value	\$ 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	\$ 2,271,166,209
Percentage of net valuation to estimated actual equalized value	98.20%	102.24%	101.29%	103.48%	103.20%	98.55%	97.89%	95.79%	96.03%	94.76%
<b>Total direct school tax rate (b)</b>	<b>\$ 0.92</b>	<b>\$ 0.93</b>	<b>\$ 0.98</b>	<b>\$ 1.01</b>	<b>\$ 1.11</b>	<b>\$ 1.15</b>	<b>\$ 1.16</b>	<b>\$ 1.17</b>	<b>\$ 1.16</b>	<b>\$ 1.16</b>

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) Total Direct School Tax Rate		Municipality	County	
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	0.34	0.39	2.53
2017	1.06	0.10	1.16	0.65	0.34	0.39	2.54

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**

	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Exxon Capital Corporation	\$ 112,100,000	1	5.21%	\$125,655,300	1	4.82%
111 Cokesbury LLC	22,586,800	2	1.05%	-	-	-
New York Life Insurance Company	21,603,500	3	1.00%	40,000,000	2	1.53%
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	6,808,600	7	0.32%	-	-	-
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%	-	-	-
NGP Realty Sub LP	4,680,000	10	0.22%	-	-	-
IR Funding Company LLC	-	-	-	25,650,000	3	0.98%
HBG New Jersey LLC	-	-	-	24,746,700	4	0.95%
Clinton Building Associates	-	-	-	20,858,900	5	0.80%
United Telephone Company of NJ	-	-	-	17,292,403	6	0.66%
American Golf Corp	-	-	-	8,263,900	7	0.32%
Chanco Development Corp	-	-	-	8,149,000	8	0.31%
Individual Property Owner #1	-	-	-	5,985,000	10	0.23%
	<u>\$ 225,415,500</u>		<u>10.47%</u>	<u>\$284,431,003</u>		<u>10.91%</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
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%
2016	54,582,168	54,009,058	98.95%

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	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Activities Capital Leases			
2008	\$ 36,284,800	\$ -	\$ 98,670	\$ 1,782,471	\$ -	\$ 38,165,941	3.73%	\$ 2,741
2009	34,845,000	-	69,192	1,782,471	-	36,696,663	3.58%	2,641
2010	33,600,000	-	38,256	540,000	-	34,178,256	3.44%	2,459
2011	31,790,000	-	5,789	540,000	-	32,335,789	3.36%	2,394
2012	31,115,000	-	-	540,000	-	31,655,000	3.25%	2,367
2013	30,255,000	-	-	540,000	-	30,795,000	3.07%	2,323
2014	29,375,000	-	-	540,000	-	29,915,000	2.99%	2,256
2015	28,470,000	-	-	-	-	28,470,000	2.76%	2,168
2016	27,405,000	-	115,733	-	-	27,520,733	2.61%	2,109
2017	26,430,000	-	58,389	-	-	26,488,389	N/A	2,061

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		
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%	2,487
2011	31,790,000	-	31,790,000	1.31%	2,377
2012	31,115,000	-	31,115,000	1.41%	2,347
2013	30,255,000	-	30,255,000	1.41%	2,281
2014	29,375,000	-	29,375,000	1.38%	2,237
2015	28,470,000	-	28,470,000	1.32%	2,182
2016	27,405,000	-	27,405,000	1.27%	2,132
2017	26,430,000	-	26,430,000	1.23%	N/A

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, 2016**

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Governmental unit			
Debt repaid with property taxes			
Municipality	\$ 21,338,453	100.00%	\$ 21,338,453
Regional High School	755,000	27.71%	209,208
County general obligation debt	75,793,752	10.65%	8,073,243
Subtotal, overlapping debt			29,620,904
School district direct debt			27,405,000
Total direct and overlapping debt			\$ 57,025,904

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 2017

	Equalized Valuation Basis	
	2016	\$ 2,270,014,985
	2015	2,237,984,484
	2014	<u>2,229,377,597</u>
		<u>\$ 6,737,377,066</u>
Average equalized valuation of taxable property		\$ 2,245,792,355
Debt limit (3.0% of average equalization value)		67,373,771
Total net debt applicable to limit		<u>26,430,000</u>
Legal debt margin		<u>\$ 40,943,771</u>

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 70,319,904	\$ 67,727,114	\$ 66,543,114	\$ 66,545,021	\$ 67,373,771
Total net debt applicable	<u>31,155,879</u>	<u>30,275,879</u>	<u>29,370,879</u>	<u>27,405,000</u>	<u>26,430,000</u>
Legal debt margin	<u>\$ 39,164,025</u>	<u>\$ 37,451,235</u>	<u>\$ 37,172,235</u>	<u>\$ 39,140,021</u>	<u>\$ 40,943,771</u>
Total net debt applicable to the limit as a percentage of debt limit	44.31%	44.70%	44.14%	41.18%	39.23%

	Fiscal Year				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 75,719,273	\$ 79,082,228	\$ 79,246,179	\$ 76,542,565	\$ 73,531,161
Total net debt applicable	<u>38,067,271</u>	<u>36,627,471</u>	<u>34,579,057</u>	<u>32,690,879</u>	<u>32,015,879</u>
Legal debt margin	<u>\$ 37,652,002</u>	<u>\$ 42,454,757</u>	<u>\$ 44,667,122</u>	<u>\$ 43,851,686</u>	<u>\$ 41,515,282</u>
Total net debt applicable to the limit as a percentage of debt limit	50.27%	46.32%	43.63%	42.71%	43.54%

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)
2008	13,896	\$ 1,024,065,720	\$ 73,695	5.2%
2009	13,897	994,024,616	71,528	9.2%
2010	13,509	962,637,831	71,259	9.5%
2011	13,376	974,133,952	72,827	9.3%
2012	13,257	1,002,878,793	75,649	9.6%
2013	13,262	999,490,630	75,365	5.0%
2014	13,129	1,030,455,823	78,487	4.9%
2015	13,047	1,053,662,673	80,759	4.3%
2016	12,854	N/A	N/A	4.1%
2017	N/A	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 Development

See independent auditors' report.

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

2017

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

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2008

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
Instruction										
Regular	110.5	109.0	106.5	111.5	110.0	103.5	107.9	94.0	91.1	88.1
Special education	77.1	87.4	76.0	71.5	92.6	100.6	85.2	59.5	58.2	53.5
Support services										
Student and instruction related services	32.6	33.6	32.9	31.3	29.0	27.7	30.3	55.3	46.0	46.3
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	12.0	12.0	11.0	11.0	11.0	11.0	11.0	13.0	13.5	9.5
Central services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Administrative information technology	5.0	5.0	8.0	3.0	1.0	1.0	1.0	3.0	3.0	2.0
Plant operations and maintenance	24.4	25.4	22.9	17.0	24.5	14.5	19.8	32.2	30.0	23.6
Total	268.60	279.40	264.30	252.30	275.10	265.30	262.15	264.00	248.80	230.00

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
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%
2017	1,347	31,030,148	23,036	15.62%	141	1:9.55	1,335.6	1,282.6	-4.74%	96.03%

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	351	358	326	312	301	303	292	251	263	243
Patrick McGaheeran 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	382	338	334	343	301	284	288	293	258	242
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	613	612	605	562	556	558	539	496	469	462
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	123,284
Capacity (students)	640	640	640	640	640	640	640	640	640	640
Enrollment	428	444	445	463	462	457	425	413	415	378

Number of Schools at June 30, 2017

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 Expenditures by School Facility**  
**Last Ten Fiscal Years**

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	Spruce Run School	Patrick McGaheeran School	Round Valley School	Clinton Township Middle School	Total
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
2017	134,745	194,152	255,526	283,730	868,153
Total school facilities	<u>\$ 983,979</u>	<u>\$ 1,246,872</u>	<u>\$ 1,586,300</u>	<u>\$ 1,507,378</u>	<u>\$ 5,324,529</u>

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

Source: District Records

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2017**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - NJ Schools Insurance Group		
Insurance Group		
Property - Building Blanket and Contents	\$ 450,000,000	\$ 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-employer's liability		
Bodily Injury by Accident- Each Accident	2,000,000	-
Bodily Injury by Disease- Each Employee	2,000,000	-
Bodily Injury by Disease- Policy Limit	2,000,000	-
Supplemental Indemnity - Chubb Insurance Company		
Benefit period	52 weeks	-
Student Accident Insurance - AXIS Insurance Company		
Policy limit	1,000,000	25,000
Public Employees' Faithful Performance - NJ Schools Insurance Group		
School Board Secretary/Business Administrator	230,000	1,000

Source: District Records

See independent auditors' report.



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**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, 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, 2017, 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 15, 2017.

**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.

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.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



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

November 15, 2017  
Flemington, New Jersey



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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**Independent Auditors' Report on Compliance for Each Major State Program  
and on Internal Control Over Compliance Required by 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 State Program**

We have audited the Clinton Township School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular Letter 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2017. Clinton Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of State Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for State 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 state 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 state program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major 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 state programs for the fiscal year ended June 30, 2017.

### **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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

November 15, 2017  
Flemington, New Jersey

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards - Schedule A**  
**For the Fiscal Year Ended June 30, 2017**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period From To	Balance 06/30/16	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2017		
												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	S010A160030	NCLB-092017	\$ 23,177	07/01/16-06/30/17	\$ -	\$ -	\$ 23,177	\$ 23,177	\$ -	\$ -	\$ -	\$ -	\$ -
NCLB Title II A	84.367A	S367A160029	NCLB-092017	19,972	07/01/16-06/30/17	-	-	19,972	19,972	-	-	-	-	-
IDEA Basic	84.027	H027A160100	IDEA-092017	389,559	07/01/16-06/30/17	-	-	324,229	346,140	-	-	(21,911)	-	-
IDEA Basic	84.027	H027A150100	IDEA-092016	418,610	07/01/15-06/30/16	30,051	-	-	30,051	-	-	(22,389)	22,389	-
IDEA Preschool	84.173	H173S160114	IDEA-092017	11,625	07/01/16-06/30/17	-	-	8,046	10,771	-	-	(2,725)	-	-
IDEA Preschool	84.173	H173S160114	IDEA-092017	12,388	07/01/16-06/30/17	-	-	750	750	-	-	-	-	-
Total special revenue fund						<u>30,051</u>	<u>-</u>	<u>376,174</u>	<u>430,861</u>	<u>-</u>	<u>-</u>	<u>(47,025)</u>	<u>22,389</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	4,280	-	-	4,280	-	-	-	-	-
National school lunch program non-cash assistance	10.555	171NJ304N1099	N/A	29,821	10/01/16-09/30/17	-	-	29,821	28,718	-	-	-	1,103	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	51,833	07/01/15-06/30/16	(7,962)	-	7,962	-	-	-	-	-	-
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	56,517	10/01/16-09/30/17	-	-	53,429	56,517	-	-	(3,088)	-	-
Total enterprise fund						<u>(3,682)</u>	<u>-</u>	<u>91,212</u>	<u>89,515</u>	<u>-</u>	<u>-</u>	<u>(3,088)</u>	<u>1,103</u>	<u>-</u>
Total federal financial assistance						<u>\$ 26,369</u>	<u>\$ -</u>	<u>\$ 467,386</u>	<u>\$ 520,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,113)</u>	<u>\$ 23,492</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, 2017**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2016		Cash Received	Budgetary Expenditure	Adjustment	Repay Prior Year Balance	Balance June 30, 2017			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	17-495-034-5120-089	\$ 780,444	07/01/16-06/30/17	\$ -	\$ -	\$ 705,389	\$ 780,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,055	\$ 780,444
Adjustment aid	17-495-034-5120-085	741,912	07/01/16-06/30/17	-	-	670,562	741,912	-	-	-	-	-	71,350	741,912
Security aid	17-495-034-5120-084	83,110	07/01/16-06/30/17	-	-	75,117	83,110	-	-	-	-	-	7,993	83,110
School choice aid	17-495-034-5120-068	507,624	07/01/16-06/30/17	-	-	458,806	507,624	-	-	-	-	-	48,818	507,624
Transportation aid	17-495-034-5120-014	168,475	07/01/16-06/30/17	-	-	152,273	168,475	-	-	-	-	-	16,202	168,475
PARCC readiness aid	17-495-034-5120-098	14,050	07/01/16-06/30/17	-	-	12,699	14,050	-	-	-	-	-	1,351	14,050
Per pupil growth aid	17-495-034-5120-097	14,050	07/01/16-06/30/17	-	-	12,699	14,050	-	-	-	-	-	1,351	14,050
Professional learning community aid	17-495-034-5120-101	12,750	07/01/16-06/30/17	-	-	11,524	12,750	-	-	-	-	-	1,226	12,750
Extraordinary aid	17-495-034-5120-044	165,396	07/01/16-06/30/17	-	-	-	165,396	-	-	-	(165,396)	-	-	165,396
Extraordinary aid	16-495-034-5120-044	360,137	07/01/15-06/30/16	(360,137)	-	360,137	-	-	-	-	-	-	-	360,137
Nonpublic remote transportation	17-495-034-5120-014	13,254	07/01/16-06/30/17	-	-	-	13,254	-	-	-	(13,254)	-	-	13,254
Nonpublic remote transportation	16-495-034-5120-014	5,400	07/01/15-06/30/16	(5,400)	-	5,400	-	-	-	-	-	-	-	5,400
On behalf TPAF pension contribution - Teachers' pension & annuity fund	17-495-034-5094-002	1,206,361	07/01/16-06/30/17	-	-	1,206,361	1,206,361	-	-	-	-	-	-	1,206,361
On behalf TPAF pension contribution - Non-contributory insurance	17-495-034-5094-004	43,709	07/01/16-06/30/17	-	-	43,709	43,709	-	-	-	-	-	-	43,709
On behalf TPAF pension contribution - Long term disability insurance	17-495-034-5094-004	2,972	07/01/16-06/30/17	-	-	2,972	2,972	-	-	-	-	-	-	2,972
On behalf TPAF pension contribution - Post retirement medical	17-495-034-5094-001	1,041,592	07/01/16-06/30/17	-	-	1,041,592	1,041,592	-	-	-	-	-	-	1,041,592
Reimbursed TPAF Social Security contribution	17-495-034-5094-003	954,519	07/01/16-06/30/17	-	-	913,084	954,519	-	-	-	(41,435)	-	-	954,519
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	780,148	07/01/15-06/30/16	(38,666)	-	38,666	-	-	-	-	-	-	-	780,148
Total general fund				(404,203)	-	5,710,990	5,750,218	-	-	-	(220,085)	-	223,346	6,895,903
Special revenue fund														
NJ nonpublic aid														
Textbook aid	16-100-034-5120-064	26,437	07/01/15-06/30/16	-	3,710	-	-	-	3,710	-	-	-	-	22,727
Textbook aid	17-100-034-5120-064	23,172	07/01/16-06/30/17	-	-	23,172	22,983	-	-	-	-	189	-	22,983
Nursing services	16-100-034-5120-070	41,940	07/01/15-06/30/16	-	2,697	-	-	-	2,697	-	-	-	-	39,243
Nursing services	17-100-034-5120-070	36,270	07/01/16-06/30/17	-	-	36,270	35,509	-	-	-	-	761	-	35,509
Technology initiative	16-100-034-5120-373	12,038	07/01/15-06/30/16	-	994	-	-	-	994	-	-	-	-	11,044
Technology initiative	17-100-034-5120-373	10,452	07/01/16-06/30/17	-	-	10,452	10,248	-	-	-	-	204	-	10,248
Security aid	16-100-034-5120-509	11,650	07/01/15-06/30/16	-	325	-	-	-	325	-	-	-	-	11,325
Security aid	17-100-034-5120-509	20,150	07/01/16-06/30/17	-	-	20,150	20,150	-	-	-	-	-	-	20,150
Auxiliary services aid cluster														
Compensatory education	16-100-034-5120-067	52,454	07/01/15-06/30/16	-	16,921	-	-	-	16,921	-	-	-	-	35,533
Compensatory education	17-100-034-5120-067	42,998	07/01/16-06/30/17	-	-	42,998	39,415	-	-	-	-	3,583	-	39,415
Handicapped services aid cluster														
Examination & classification	16-100-034-5120-066	46,357	07/01/15-06/30/16	-	27,428	-	-	2,384	27,428	-	-	2,384	-	16,545
Examination & classification	17-100-034-5120-066	60,326	07/01/16-06/30/17	-	-	60,326	27,194	-	-	-	-	33,132	-	27,194
Corrective speech	16-100-034-5120-066	35,115	07/01/15-06/30/16	-	27,590	-	-	2,142	27,590	-	-	2,142	-	5,383
Corrective speech	17-100-034-5120-066	10,602	07/01/16-06/30/17	-	-	10,602	6,185	-	-	-	-	4,417	-	6,185
Supplemental instruction	16-100-034-5120-066	31,931	07/01/15-06/30/16	-	31,931	-	-	-	31,931	-	-	-	-	-
Supplemental instruction	17-100-034-5120-066	28,249	07/01/16-06/30/17	-	-	28,249	-	-	-	-	-	28,249	-	-
Total special revenue fund				-	111,596	232,219	161,684	4,526	111,596	-	-	75,061	-	303,484

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, 2017**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2016		Cash Received	Budgetary Expenditure	Adjustment	Repay Prior Year Balance	Balance June 30, 2017			Memo		
				Deferred Rev. (Accts. Rec)	Due to Grantor					Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
State Department of Agriculture															
Enterprise fund															
State school lunch program	16-100-010-3350-023	\$ 3,633	07/01/15-06/30/16	\$ (545)	\$ -	\$ 545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,633
State school lunch program	17-100-010-3350-023	3,719	07/01/16-06/30/17	-	-	3,517	3,719	-	-	(202)	-	-	-	-	3,719
Total enterprise fund				<u>(545)</u>	<u>-</u>	<u>4,062</u>	<u>3,719</u>	<u>-</u>	<u>-</u>	<u>(202)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,352</u>
Total State financial assistance				<u>\$ (404,748)</u>	<u>\$ 111,596</u>	<u>\$ 5,947,271</u>	<u>5,915,621</u>	<u>\$ 4,526</u>	<u>\$ 111,596</u>	<u>\$ (220,287)</u>	<u>\$ -</u>	<u>\$ 75,061</u>	<u>\$ 223,346</u>	<u>\$ 7,206,739</u>	
Less: On behalf TPAF Pension system contributions							<u>(2,294,634)</u>								
Total for State financial assistance - major program determination							<u>\$ 3,620,987</u>								

See independent auditors' report.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**June 30, 2017**

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. This basis of accounting is 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 (\$3,568) for the General Fund and \$21,122 for the Special Revenue 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.

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**June 30, 2017**

Note 3 - Relationship of financial statements (continued)

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	\$ -	\$ -	\$ 5,746,650	\$ 5,536,254
Special Revenue Fund	48,329	424,486	161,684	634,499
Food Service Fund	-	89,515	3,719	84,583
Total	<u>\$ 48,329</u>	<u>\$ 514,001</u>	<u>\$ 5,912,053</u>	<u>\$ 6,474,383</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, 2017. 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, 2017.

**CLINTON TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Section I  
For the Fiscal Year Ended June 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

Noncompliance material to basic financial statements noted?  Yes  No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

What was the type of auditor's report issued on compliance for major programs? \_\_\_\_\_

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

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? \_\_\_\_\_

Did the auditee qualify as a low-risk auditee?  Yes  No

**CLINTON TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Section I  
For the Fiscal Year Ended June 30, 2017**

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee?  Yes  No

Internal Control Over Major Programs:

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

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable?  Yes  No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<u>17-495-034-5120-089</u>	<u>State Aid Public Cluster:</u>
<u>17-495-034-5120-078</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Adjustment Aid</u>
<u>17-495-034-5120-068</u>	<u>Security Aid</u>
<u>17-495-034-5120-097</u>	<u>School Choice Aid</u>
<u>17-495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-101</u>	<u>PARCC Readiness aid</u>
	<u>Professional Learning Community Aid</u>

**CLINTON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs - Sections II and III**  
**For the Fiscal Year Ended June 30, 2017**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2017.

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, 2017.

**CLINTON TOWNSHIP SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2017**

Status of Prior Year Findings

Financial Statement Findings

Finding # 2016-1

Condition

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

Current Status

The condition has been corrected.