

# **CLEMENTON SCHOOL DISTRICT**



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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**CLEMENTON SCHOOL DISTRICT**  
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## **INTRODUCTORY SECTION**

# Clementon School District

CLEMENTON BOARD OF EDUCATION  
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CLEMENTON ELEMENTARY SCHOOL  
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February 28, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Clementon School District ("District") for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds 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 basic 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 a Single Audit in conformity with the provisions of the State of New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this Single Audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

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

The District provided educational services for grades Pre-Kindergarten through grade 8 in our building. Through a send/receive relationship with the Pine Hill School District, we provide programs for our students in grades 9-12, including Special Education. The District completed the 2017-2018 fiscal year with an average enrollment of 446 students. The

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following details the changes in the student enrollment of the District over the last twelve (12) years.

## AVERAGE DISTRICT ENROLLMENT

II.	I.	I.	INCREASE/ DECREASE /.	PERCENT CHANGE
FISCAL YEAR	STUDENT ENROLLMENT /.	ENROLLMENT /.		
2017-2018	446	446	0	0
2016-2017	446	446	-18	4.2
2015-2016	465	465	36	8.6
2014-2015	428	428	-26	5.0
2013-2014	454	454	2	.01
2012-2013	452	452	-4	.01
2011-2012	456	456	-22	.05
2010-2011	478	478	-18	.04
2009-2010	496	496	-23	.05
2008-2009	519	519	6	0.1
2007-2008	513	513	-20	2.2
2006-2007	533	533	-45	1.1

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

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

**2. ECONOMIC CONDITION AND OUTLOOK (CONT'D):** Clementon now educates students through high school, entering into a send/receive relationship with the Pine Hill School District for our 9<sup>th</sup> through 12<sup>th</sup> graders. Our enrollment of Pre-K - 8<sup>th</sup> grade students has decreased by 18 for the 2017-2018 school year. Clementon students enrolled at Overbrook High School in Pine Hill number 120. Clementon students enrolled at Camden County Vocational School number 52.

**3. MAJOR INITIATIVES:** The District is utilizing the Marzano Teacher Evaluation System and is following the requirements of ACHIEVE NJ. In addition, the District has



# Clementon School District

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implemented Student Growth Objectives (SGOs) that get linked the to the teacher's overall summative evaluation. Some of the programs we use for assessing students include IRLA, Benchmark assessments, STAR, and Study Island. These programs allow teachers to identify students that need remediation with academic skills. All of these programs are aligned with the NJ State Standards. We added a visionary science lab for middle school students and science lab furniture for 4<sup>th</sup> and 5<sup>th</sup> grade science classes. We ordered science materials to support the NJ Science Standards.

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure statements in conformity with generally accepted accounting principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's Single Audit described earlier, test are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs; as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance account system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as an assignment of fund balance at June 30, 2018.

**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. These funds are explained in "Notes to the Financial Statements", Note 1.

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

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Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

**9. OTHER INFORMATION:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the Single Audit are included in the Single Audit section of the report.

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

Respectfully submitted,

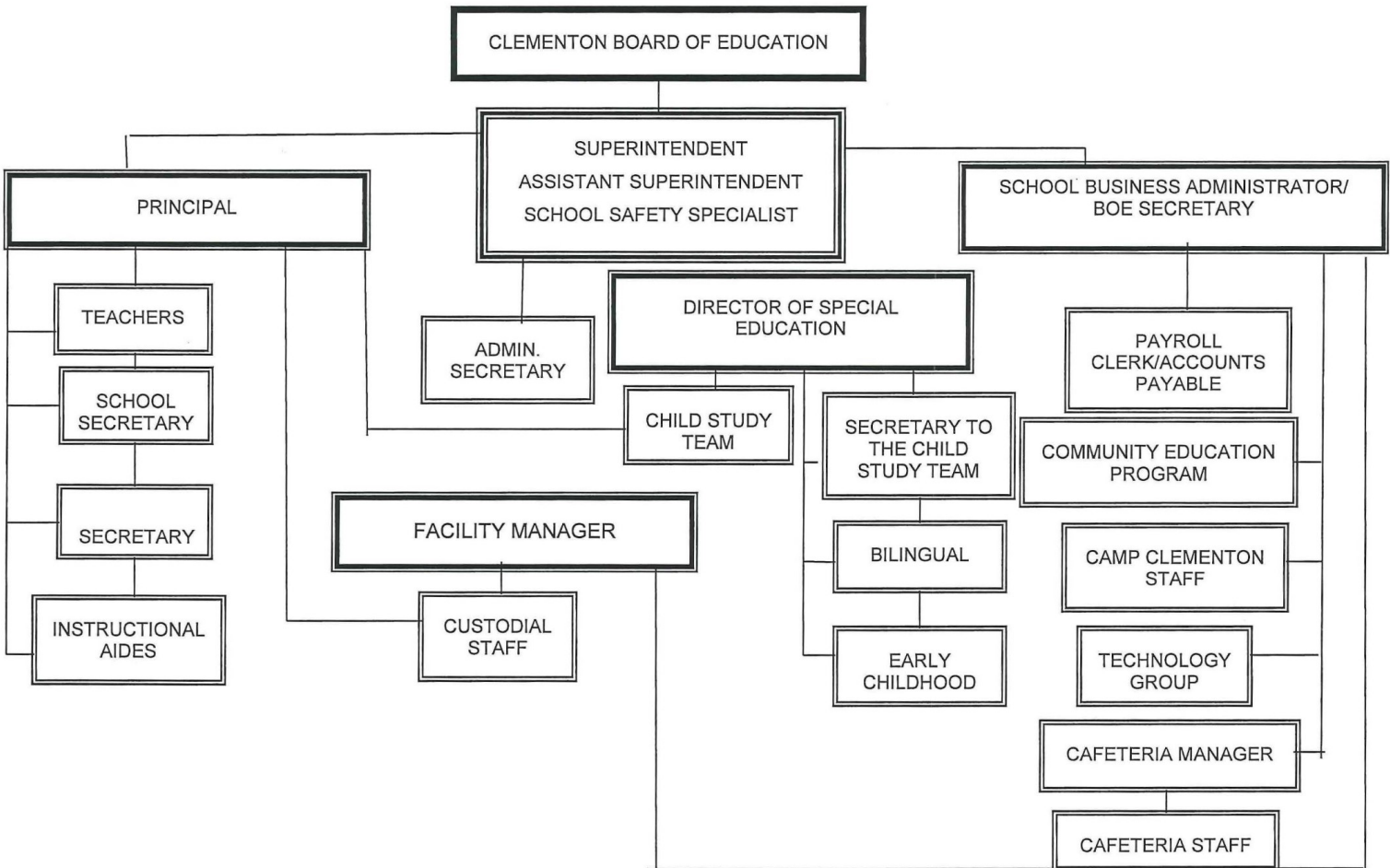


Kathleen Haines  
Superintendent



Debbie Piccirillo  
School Business Administrator /  
Board Secretary

CLEMENTON BOARD OF EDUCATION  
ORGANIZATIONAL CHART



**CLEMENTON SCHOOL DISTRICT  
CLEMENTON, NJ**

Roster of Officials

June 30, 2018

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<u>Members of the Board of Education</u>	<u>Term Expires</u>
Christopher McKelvey, President	2020
Amanda McCourt, Vice President	2020
Danielle Aubry	2020
Katherine Anderson	2019
Lisa Moore	2020
Randall Freiling	2019
Emily Nichols	2020
Ellen Suckle	2020
Christy Weaver	2019

Other Officials

Mary Bakey, Treasurer of School Moneys

Kathleen Haines, Superintendent of Schools

Joanne Clement, School Business Administrator / Board Secretary

Frank Cavallo, Jr., Esq., Attorney

**CLEMENTON SCHOOL DISTRICT  
CLEMENTON, NJ**

Consultants and Advisors

June 30, 2018

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Auditor

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

Attorney

Frank Cavallo, Jr., Esq.  
Greentree Center, Suite 401  
Route 73 & Greentree Road  
Marlton, New Jersey 08053

Official Depository

TD Bank, N.A.  
1701 Route 70 Ease  
Cherry Hill, New Jersey 08034

Medical

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

Insurance Broker

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

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

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clementon School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clementon School District, in the County of Camden, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

*Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. The related disclosures for the implementation of this new accounting pronouncement are included in note 8 in the notes to financial statements. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's pension contributions, and schedule of changes in the School District's total OPEB liability and related ratios, 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 Clementon School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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



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The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019 on our consideration of the Clementon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clementon School District's 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 Clementon School District's internal control over financial reporting and compliance.

Respectfully submitted,

*BOWMAN & COMPANY LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*L. Jarred Corn*

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

Voorhees, New Jersey  
February 28, 2019

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clementon School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 28, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting principle.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Clementon School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**Purpose of this Report**

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

Respectfully submitted,

*BOWMAN & COMPANY LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*L. Jarred Corn*

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

Voorhees, New Jersey  
February 28, 2019

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CLEMENTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018  
(Unaudited)

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As management of the Clementon School District (hereafter referred to as the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- During the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The notes to the financial statements provide a more thorough discussion of the implementation of the GASB Statement and the effects to the financial statements.
- The net position of the School District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$7,333,416.45 at the close of the current fiscal year. Of this amount, \$7,013,395.67 represents net position of governmental activities and \$320,020.78 for business-type activities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$3,146,989.06, a decrease of \$935,062.71, or twenty-three percent (23%), in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was a deficit of \$316,811.40, which represents a five percent (5%) decrease from that of the prior fiscal year. Maintaining fund balance is vital for the School District's cash flow. Additional information as to the cause of this unassigned deficit fund balance can be found in note 17 to the financial statements.
- The School District's total bonded debt decreased by \$449,000.00 as a result of budgeted debt payments.

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**Reporting the School District as a Whole**

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

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**USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

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

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

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

Reporting the School District's Most Significant Funds

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

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

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

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

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

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**USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)**

Reporting the School District's Most Significant Funds (Cont'd)

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

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

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

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

**THE SCHOOL DISTRICT AS A WHOLE**

During fiscal year 2018, the School District's net position increased by \$988,097.62, increasing from \$6,345,318.83 in fiscal year 2017 to \$7,333,416.45 in fiscal year 2018. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental-type activities and business-type activities.

In total, assets increased by \$219,018.08, deferred outflows of resources decreased by \$207,998.85, liabilities decreased by \$1,324,295.39, and deferred inflows of resources increased by \$347,217.00. The increase in assets was attributable to the increase in net capital assets, resulting from expenditures on approved capital outlay projects. The decrease in deferred outflows of resources and the net decrease in liabilities were primarily attributable to the changes in the School District's pension liabilities (pensions - see note 7).

<b>TABLE 1 NET POSITION</b>								
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-wide Totals</u>		<u>Government-wide</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>
Current and Other Assets	\$ 3,256,458.39	\$ 4,485,377.23	\$ 291,342.37	\$ 209,360.64	\$ 3,547,800.76	\$ 4,694,737.87	\$ (1,146,937.11)	-24.4%
Capital Assets	5,637,348.25	4,262,918.06	34,105.00	42,580.00	5,671,453.25	4,305,498.06	1,365,955.19	31.7%
Total Assets	<u>8,893,806.64</u>	<u>8,748,295.29</u>	<u>325,447.37</u>	<u>251,940.64</u>	<u>9,219,254.01</u>	<u>9,000,235.93</u>	<u>219,018.08</u>	2.4%
Deferred Outflows of Resources	<u>377,973.00</u>	585,971.85	-	-	<u>377,973.00</u>	585,971.85	<u>(207,998.85)</u>	-35.5%
Other Liabilities	165,083.33	458,342.60	5,426.59	4,193.50	170,509.92	462,536.10	(292,026.18)	-63.1%
Long-Term Liabilities Outstanding	<u>1,544,010.64</u>	<u>2,576,279.85</u>	<u>1,544,010.64</u>	<u>2,576,279.85</u>	<u>1,544,010.64</u>	<u>2,576,279.85</u>	<u>(1,032,269.21)</u>	-40.1%
Total Liabilities	<u>1,709,093.97</u>	<u>3,034,622.45</u>	<u>5,426.59</u>	<u>4,193.50</u>	<u>1,714,520.56</u>	<u>3,038,815.95</u>	<u>(1,324,295.39)</u>	-43.6%
Deferred Inflows of Resources	<u>549,290.00</u>	<u>202,073.00</u>	-	-	<u>549,290.00</u>	<u>202,073.00</u>	<u>347,217.00</u>	171.8%
Net Investment in Capital Assets	5,637,348.25	3,824,343.91	34,105.00	42,580.00	5,671,453.25	3,866,923.91	1,804,529.34	46.7%
Restricted	2,709,827.49	3,427,861.70	2,709,827.49	3,427,861.70	2,709,827.49	3,427,861.70	(718,034.21)	-20.9%
Unrestricted (Deficit)	<u>(1,333,780.07)</u>	<u>(1,154,633.92)</u>	<u>285,915.78</u>	<u>205,167.14</u>	<u>(1,047,864.29)</u>	<u>(949,466.78)</u>	<u>(98,397.51)</u>	-10.4%
Net Position	<u>\$ 7,013,395.67</u>	<u>\$ 6,097,571.69</u>	<u>\$ 320,020.78</u>	<u>\$ 247,747.14</u>	<u>\$ 7,333,416.45</u>	<u>\$ 6,345,318.83</u>	<u>\$ 988,097.62</u>	15.6%

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**THE SCHOOL DISTRICT AS A WHOLE (CONT'D)**

\$5,671,453.25 of the School District's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., land, buildings, equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvements of those assets. The School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the School District's net position in the amount of \$2,709,827.49 represents resources that are restricted. These amounts consist of amounts restricted for debt service, tuition, emergencies, maintenance, excess surplus, and capital projects. Additional information on the School District's restricted net position can be found in note 18 in the notes to the financial statements.

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the School District's unrestricted net position was in a deficit in the amount of \$1,047,864.29. The deficit is primarily due to the delay of the June state aid payments and the recording of long-term liabilities for early retirement incentive, compensated absences, and net pension liability.

Such long-term liabilities are funded by the School District on a pay-as-you-go basis, meaning these liabilities are funded only to the extent that the current fiscal year's contractual obligations can be satisfied. See note 6 in the notes to the financial statements for further detail regarding long-term liabilities.

Table 2 below illustrates the changes in net position of the School District's governmental-type activities and business-type activities.

During fiscal year 2018, the School District's total revenues decreased by \$1,799,525.46, decreasing from \$17,181,563.01 in fiscal year 2017 to \$15,382,037.55 in fiscal year 2018. The net change in total revenues is largely attributable to the following:

- operating grants and contributions decreased from fiscal year 2017 by \$1,085,248.97, or 22.7% due to the actuarially determined on-behalf payments made by the State of New Jersey for pension and other postemployment benefits
- miscellaneous revenue decreased from fiscal year 2017 by \$694,133.22, or 72.7%, due to the school district receiving a large distribution from an estate in fiscal year 2017

Property taxes constituted approximately thirty percent (30%) of total revenues for the School District for the fiscal year 2018. In addition, unrestricted federal and state aid constituted approximately forty-two percent (42%) of total revenues for the School District.

Lastly, charges for services, operating grants and contributions interest and investment earnings, transfers, and miscellaneous income constituted approximately twenty-eight percent (28%) of total revenues for the School District.



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**THE SCHOOL DISTRICT AS A WHOLE (CONT'D)**

TABLE 2 CHANGES IN NET POSITION								
	Governmental Activities		Business-Type Activities		Government-wide Totals		Government-wide	
	2018	2017	2018	2017	2018	2017	Change	% Change
<b>REVENUES:</b>								
<b>Program Revenues:</b>								
Charges for Services	\$ 75,125.00	\$ 164,803.78	\$ 192,843.08	\$ 176,640.23	\$ 267,968.08	\$ 341,444.01	\$ (73,475.93)	-21.5%
Operating Grants and Contributions	3,511,420.72	4,595,316.78	178,279.87	179,632.78	3,689,700.59	4,774,949.56	(1,085,248.97)	-22.7%
<b>General Revenues:</b>								
<b>Property Taxes:</b>								
Levied for General Purposes	4,200,789.00	4,159,197.03			4,200,789.00	4,159,197.03	41,591.97	1.0%
Levied for Debt Service	456,409.00	446,537.01			456,409.00	446,537.01	9,871.99	2.2%
Federal and State Aid - Unrestricted	6,462,178.70	6,497,913.76			6,462,178.70	6,497,913.76	(35,735.06)	-0.5%
Interest and Investment Earnings - Unrestricted	12,283.79	6,276.89	228.72		12,512.51	6,276.89	6,235.62	99.3%
Interest and Investment Earnings - Restricted	1,368.14				1,368.14		1,368.14	100.0%
Transfers	30,000.00				30,000.00		30,000.00	100.0%
Miscellaneous	261,111.53	955,244.75			261,111.53	955,244.75	(694,133.22)	-72.7%
<b>Total Revenues</b>	<b>15,010,685.88</b>	<b>16,825,290.00</b>	<b>371,351.67</b>	<b>356,273.01</b>	<b>15,382,037.55</b>	<b>17,181,563.01</b>	<b>(1,799,525.46)</b>	<b>-10.5%</b>
<b>EXPENSES:</b>								
Instruction	3,721,466.58	3,784,841.79			3,721,466.58	3,784,841.79	(63,375.21)	-1.7%
Support Services	10,173,141.59	11,283,172.26			10,173,141.59	11,283,172.26	(1,110,030.67)	-9.8%
Transfer of Funds to Charter School	150,249.00	165,573.00			150,249.00	165,573.00	(15,324.00)	-9.3%
Interest on Long-Term Debt	15,982.71	26,656.13			15,982.71	26,656.13	(10,673.42)	-40.0%
Unallocated Depreciation	34,022.02	30,225.71			34,022.02	30,225.71	3,796.31	12.6%
Loss on Disposal of Capital Assets		599.00				599.00	(599.00)	-100.0%
Food Service			236,351.53	243,719.71	236,351.53	243,719.71	(7,368.18)	-3.0%
Camp Clementon Community Education			62,726.50	67,660.28	62,726.50	67,660.28	(4,933.78)	-7.3%
<b>Total Expenses</b>	<b>14,094,861.90</b>	<b>15,291,067.89</b>	<b>299,078.03</b>	<b>311,379.99</b>	<b>14,393,939.93</b>	<b>15,602,447.88</b>	<b>(1,208,507.95)</b>	<b>-7.7%</b>
Change in Net Position	915,823.98	1,534,222.11	72,273.64	44,893.02	988,097.62	1,579,115.13	\$ (591,017.51)	-37.4%
Net Position, July 1	6,097,571.69	4,563,349.58	247,747.14	202,854.12	6,345,318.83	4,766,203.70		
Net Position, June 30	<u>\$ 7,013,395.67</u>	<u>\$ 6,097,571.69</u>	<u>\$ 320,020.78</u>	<u>\$ 247,747.14</u>	<u>\$ 7,333,416.45</u>	<u>\$ 6,345,318.83</u>		

During fiscal year 2018, the School District's total expenses decreased by \$1,208,507.95, decreasing from \$15,602,447.88 in fiscal year 2017 to \$14,393,939.93 in fiscal year 2018. The net decrease is largely attributable to the following:

- a decrease of costs for support services in the amount of \$1,110,030.67, or 9.8%, attributable to pension and other post employment benefit costs

**THE SCHOOL DISTRICT'S FUNDS**

**Governmental Funds**

As the School District completed the fiscal year, its governmental funds reported a combined fund balance of \$3,146,989.06, which is a decrease over last fiscal year's total of \$4,082,051.77. Of the combined ending fund balances of \$3,146,989.06, the deficit unassigned fund balance was \$316,811.40 (see note 17 for cause of deficit). The remainder of fund balance is restricted / assigned to indicate that it is not available for new spending because it has already been assigned as follows: (1) restricted for capital reserve (\$407,134.93), (2) restricted for tuition reserves (\$200,000.00), (3) restricted for emergency reserve (\$100,000.00), (4) restricted for maintenance reserve (\$125,000.00), (5) restricted for excess surplus (\$1,877,692.05), (6) restricted for debt service (\$0.51), (7) committed fund balance (\$557,823.88), (8) assigned to liquidate contracts and purchase orders of the prior period (\$78,635.91), and (9) assigned to the fiscal year 2019 budget for subsequent year's expenditures (\$128,004.78).

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**THE SCHOOL DISTRICT'S FUNDS (CONT'D)**

Governmental Funds (Cont'd)

*General fund* - The general fund is the general operating fund of the School District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, unassigned fund balance of the general fund was in a deficit in the amount of \$316,811.40. As previously stated, the deficit is primarily due to the delay of the June state aid payments (see note 17 to the financial statements).

During the current fiscal year, the fund balance of the School District's general fund decreased by \$926,402.09, or twenty-three percent (23%). The primary factor affecting the fund balance of the general fund is as follows:

- the fiscal year 2017 unrestricted miscellaneous revenue amount was \$961,521.64 in comparison to fiscal year 2018 of \$273,395.32; which is due to the acceptance of a large distribution from an estate in fiscal year 2017
- the fiscal year 2017 budget appropriations were \$11,434,703.34 in comparison to fiscal year 2018 of \$13,059,832.43; in part due to the increase of \$1,481,900.31 in capital outlay expenditures when compared to fiscal year 2017

*Special revenue fund* - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Total expenditures, resulting from these programs totaled \$600,750.16, which was comparable to the expenditures of the previous fiscal year, which totaled \$621,200.60.

*Debt service fund* - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current fiscal year, the School District expended \$449,000.00 and \$7,409.00 representing the payment of bond principal and interest, respectively. At the end of the current fiscal year, restricted fund balance of the debt service fund was \$0.51.

Proprietary Funds (Enterprise Funds)

*Food service fund* - as the School District completed the fiscal year, the School District's total net position of the food service fund was \$99,752.91, which was comprised of \$34,105.00 of net investment in capital assets and \$65,647.91 of unrestricted net position.

During the current fiscal year, the net position of the School District's food service fund increased by \$3,310.76, or three percent (3%). The increase in net position primarily resulted from the increase in charges for services of revenues by \$3,414.98.

*Camp Clementon Community Education Fund* - as the School District completed the fiscal year, the School District's total net position of the Camp Clementon Community Education Fund was unrestricted in the amount of \$220,267.87.

During the current fiscal year, the net position of the School District's Camp Clementon Community Education Fund increased by \$68,962.88. The factors contributing to the increase in net position of the Camp Clementon Community Education Fund resulted in an increase in tuition revenue and the fiscal year 2018 expenses remained relatively comparable to the prior fiscal year.

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**THE SCHOOL DISTRICT'S FUNDS (CONT'D)**

General Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$10,779,554.00, which remained unchanged from the original budgeted estimate. Total budgeted revenues realized equaled \$12,117,692.64, which was \$1,338,138.64 in excess of the budget estimate, thus replenishing fund balance. This excess was directly attributable to the School District's on-behalf T.P.A.F. pension contributions (normal cost, post-retirement medical, and long-term disability) and reimbursed T.P.A.F. social security contributions, which totaled \$836,310.00 and \$254,264.18, respectively. In addition, the School District realized \$188,395.32 in excess of budgeted revenues for unrestricted miscellaneous revenue.

The final budgetary basis expenditure appropriation estimate was \$13,051,300.65, which increased from the original budgeted estimate of \$12,654,862.65. The increase of \$396,438.00 was for a budget amendment in order to spend committed funds. Actual expenditures incurred of \$13,059,832.43 were over the final budget estimate by \$8,531.78. This unfavorable variance resulted from the corresponding non-budget expenditures associated with the aforementioned on-behalf T.P.A.F. pension contributions and reimbursed T.P.A.F. social security contributions.

Special Revenue Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$655,698.81, which remained unchanged from the original budgeted estimate. Likewise, this was the same for the final budgetary basis appropriation estimate.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

The School District's net investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to a historical cost of \$12,294,147.56, or \$5,671,453.25 net of accumulated depreciation (see Table 3). This net investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, and machinery and equipment. Net capital assets increased by \$1,365,955.19 in fiscal year 2018 from fiscal year 2017. The primary factors affecting the net change in net capital assets are as follows:

- current year depreciation expense was \$348,688.31
- capital asset additions in the amount of \$1,714,643.50, which included additions for construction in progress, land improvements, buildings and building improvements, and machinery and equipment. The largest addition during fiscal year 2018 was for a new roof which cost approximately \$1,044,100.56

<b>TABLE 3 CAPITAL ASSETS AT FISCAL YEAR END (NET OF ACCUMULATED DEPRECIATION)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Government-wide Totals</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Land	\$ 178,131.00	\$ 178,131.00			\$ 178,131.00	\$ 178,131.00
Construction in Progress	5,400.00	33,269.76			5,400.00	33,269.76
Land Improvements	78,650.30	59,589.30			78,650.30	59,589.30
Buildings and Building Improvements	5,081,179.77	3,884,541.00			5,081,179.77	3,884,541.00
Machinery and Equipment	293,987.18	107,387.00	\$ 34,105.00	\$ 42,580.00	328,092.18	149,967.00
<b>Total</b>	<b>\$ 5,637,348.25</b>	<b>\$ 4,262,918.06</b>	<b>\$ 34,105.00</b>	<b>\$ 42,580.00</b>	<b>\$ 5,671,453.25</b>	<b>\$ 4,305,498.06</b>

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**CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)**

Capital Assets (Cont'd)

Additional information on the School District's capital assets can be found in note 5.

Debt

*General Serial Bonds.* At the end of the current fiscal year, the School District had no total bonded debt outstanding. The fiscal year 2018 adopted budget had an appropriation of \$449,000.00 representing the payment of the annual principal (refer to audit exhibit I-1, schedule of serial bonds, for more detail).

*Early Retirement Incentive.* At the end of the current fiscal year, the liability for the early retirement incentive was \$104,221.00. This amount represents the School District's accrued liability for its proportionate share of the "Regional High School Early Retirement Incentive Program". Additional information on the School District's liability can be found in note 6 to the financial statements.

*Net Pension Liability.* At the end of the current fiscal year, the liability for pension was \$1,335,930.00. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid on an annual basis. For additional details on the net pension liability, see note 7 to the financial statements.

*Compensated Absences.* At the end of the current fiscal year, the liability for compensated absences was \$103,859.64. Compensated absences are those absences for which employees will be paid, such as sick leave. Additional information on compensated absences can be found in note 12 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

For the fiscal year 2018, the School District was able to sustain its budget through property taxes, federal and state sources, and other various revenue sources. Approximately thirty-five percent (35%) of total revenue is from property taxes, while sixty-five percent (65%) of the School District's revenue is from federal, state, and local sources. The fiscal year 2019 budget was approved on April 26, 2018 by the Board.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CLEMENTON SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,398,453.00	\$ 275,381.50	\$ 1,673,834.50
Internal Balances	2,978.66	(2,978.66)	
Accounts Receivable, net	355,336.80	12,455.65	367,792.45
Inventory		6,483.88	6,483.88
Restricted Assets:			
Cash and Cash Equivalents	1,499,689.93		1,499,689.93
Capital Assets, net	5,637,348.25	34,105.00	5,671,453.25
<b>Total Assets</b>	<b>8,893,806.64</b>	<b>325,447.37</b>	<b>9,219,254.01</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions	377,973.00	-	377,973.00
<b>LIABILITIES:</b>			
Accounts Payable:			
Other	101,227.41		101,227.41
Pensions	55,614.00		55,614.00
Unearned Revenue	8,241.92	5,426.59	13,668.51
Noncurrent Liabilities:			
Due within One Year	47,641.54		47,641.54
Due beyond One Year	1,496,369.10		1,496,369.10
<b>Total Liabilities</b>	<b>1,709,093.97</b>	<b>5,426.59</b>	<b>1,714,520.56</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions	549,290.00	-	549,290.00
<b>NET POSITION:</b>			
Net Investment in Capital Assets	5,637,348.25	34,105.00	5,671,453.25
Restricted for:			
Debt Service	0.51		0.51
Tuition	200,000.00		200,000.00
Emergency	100,000.00		100,000.00
Maintenance	125,000.00		125,000.00
Excess Surplus	1,877,692.05		1,877,692.05
Capital Projects	407,134.93		407,134.93
Unrestricted (Deficit)	(1,333,780.07)	285,915.78	(1,047,864.29)
<b>Total Net Position</b>	<b>\$ 7,013,395.67</b>	<b>\$ 320,020.78</b>	<b>\$ 7,333,416.45</b>

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

**CLEMENTON SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 2,992,142.08		\$ 431,336.14		\$ (2,560,805.94)		\$ (2,560,805.94)
Special Education	632,035.47	\$ 75,125.00			(556,910.47)		(556,910.47)
Other Special Instruction	54,295.19				(54,295.19)		(54,295.19)
Other Instruction	42,993.84				(42,993.84)		(42,993.84)
Support Services:							
Tuition	3,177,266.96				(3,177,266.96)		(3,177,266.96)
Student and Instruction Related Services	964,116.34		160,753.40		(803,362.94)		(803,362.94)
Other Administrative Services	367,156.78				(367,156.78)		(367,156.78)
School Administrative Services	339,414.71				(339,414.71)		(339,414.71)
Plant Operations and Maintenance	467,719.20				(467,719.20)		(467,719.20)
Pupil Transportation	602,152.19				(602,152.19)		(602,152.19)
Personal Services - Employee Benefits	4,255,315.41		2,919,331.18		(1,335,984.23)		(1,335,984.23)
Transfer of Funds to Charter School	150,249.00				(150,249.00)		(150,249.00)
Interest on Long-Term Debt	15,982.71				(15,982.71)		(15,982.71)
Unallocated Depreciation	34,022.02				(34,022.02)		(34,022.02)
<b>Total Governmental Activities</b>	<b>14,094,861.90</b>	<b>75,125.00</b>	<b>3,511,420.72</b>	<b>-</b>	<b>(10,508,316.18)</b>	<b>-</b>	<b>(10,508,316.18)</b>
<b>Business-Type Activities:</b>							
Food Service	236,351.53	61,382.42	178,279.87			\$ 3,310.76	3,310.76
Camp Clementon Community Education	62,726.50	131,460.66				68,734.16	68,734.16
<b>Total Business-Type Activities</b>	<b>299,078.03</b>	<b>192,843.08</b>	<b>178,279.87</b>	<b>-</b>	<b>-</b>	<b>72,044.92</b>	<b>72,044.92</b>
<b>Total Government</b>	<b>\$ 14,393,939.93</b>	<b>\$ 267,968.08</b>	<b>\$ 3,689,700.59</b>	<b>-</b>	<b>(10,508,316.18)</b>	<b>72,044.92</b>	<b>(10,436,271.26)</b>
<b>General Revenues:</b>							
Property Taxes:							
Levied for General Purposes					4,200,789.00		4,200,789.00
Levied for Debt Service					456,409.00		456,409.00
Federal and State Aid - Unrestricted					6,462,178.70		6,462,178.70
Interest and Investment Earnings - Unrestricted					12,283.79	228.72	12,512.51
Interest and Investment Earnings - Restricted					1,368.14		1,368.14
Miscellaneous					261,111.53		261,111.53
Transfers					30,000.00		30,000.00
<b>Total General Revenues and Transfers</b>					<b>11,424,140.16</b>	<b>228.72</b>	<b>11,424,368.88</b>
<b>Change in Net Position</b>					<b>915,823.98</b>	<b>72,273.64</b>	<b>988,097.62</b>
<b>Net Position, July 1</b>					<b>6,097,571.69</b>	<b>247,747.14</b>	<b>6,345,318.83</b>
<b>Net Position, June 30</b>					<b>\$ 7,013,395.67</b>	<b>\$ 320,020.78</b>	<b>\$ 7,333,416.45</b>

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



**FUND FINANCIAL STATEMENTS**

**CLEMENTON SCHOOL DISTRICT**  
Governmental Funds  
Balance Sheet  
June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 1,380,032.24	\$ 18,420.75		\$ 0.01	\$ 1,398,453.00
Cash and Cash Equivalents - Capital Reserve	1,499,689.93				1,499,689.93
Interfunds Account Receivable:					
General Fund				0.50	0.50
Special Revenue Fund	4,384.72				4,384.72
Enterprise Fund	2,978.66				2,978.66
Fiduciary Funds	197,216.93				197,216.93
Intergovernmental Accounts Receivable, net:					
Federal		33,714.29			33,714.29
State	100,323.00				100,323.00
Other	24,082.58				24,082.58
<b>Total Assets</b>	<u><u>\$ 3,208,708.06</u></u>	<u><u>\$ 52,135.04</u></u>	<u><u>-</u></u>	<u><u>\$ 0.51</u></u>	<u><u>\$ 3,260,843.61</u></u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Interfunds Account Payable:					
General Fund		\$ 4,384.72			\$ 4,384.72
Debt Service Fund	\$ 0.50				0.50
Accounts Payable	51,227.41	50,000.00			101,227.41
Unearned Revenue		8,241.92			8,241.92
<b>Total Liabilities</b>	<u><u>51,227.91</u></u>	<u><u>62,626.64</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>113,854.55</u></u>

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2018

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>LIABILITIES AND FUND BALANCES (CONT'D):</b>					
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve	\$ 407,134.93				\$ 407,134.93
Tuition Reserve	200,000.00				200,000.00
Emergency Reserve	100,000.00				100,000.00
Maintenance Reserve	125,000.00				125,000.00
Excess Surplus	1,877,692.05				1,877,692.05
Debt Service				\$ 0.51	0.51
Committed	557,823.88				557,823.88
<b>Assigned:</b>					
Other Purposes	78,635.91				78,635.91
For Subsequent Year's Expenditures	128,004.78				128,004.78
Unassigned (Deficit)	<u>(316,811.40)</u>	<u>\$ (10,491.60)</u>			<u>(327,303.00)</u>
<b>Total Fund Balances</b>	<u>3,157,480.15</u>	<u>(10,491.60)</u>	<u>-</u>	<u>0.51</u>	<u>3,146,989.06</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,208,708.06</u>	<u>\$ 52,135.04</u>	<u>-</u>	<u>\$ 0.51</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. The cost of the capital assets is \$12,144,658.56, and the accumulated depreciation is \$6,507,310.31.

5,637,348.25

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2018

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

Deferred outflows and deferred inflows related to pensions represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements.	\$ (171,317.00)
Accounts payable related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.	(55,614.00)
Long-term liabilities, including compensated absences payable, pension liability, and early retirement incentive, are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(1,544,010.64)</u>
Net Position of Governmental Activities	<u><u>\$ 7,013,395.67</u></u>

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

**CLEMENTON SCHOOL DISTRICT**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local Tax Levy	\$ 4,200,789.00			\$ 456,409.00	\$ 4,657,198.00
Tuition Charges	75,125.00				75,125.00
Interest Earned on Capital Reserve Funds	1,368.14				1,368.14
Unrestricted Miscellaneous Revenues	273,395.32				273,395.32
Federal Sources	14,639.00	\$ 494,541.16			509,180.16
State Sources	7,538,113.88	97,548.38			7,635,662.26
	<u>12,103,430.34</u>	<u>592,089.54</u>	<u>-</u>	<u>456,409.00</u>	<u>13,151,928.88</u>
Total Revenues					
EXPENDITURES:					
Current:					
Regular Instruction	2,308,067.16	439,996.76			2,748,063.92
Special Education Instruction	632,035.47				632,035.47
Other Special Instruction	54,295.19				54,295.19
Other Instruction	42,993.84				42,993.84
Support Services and Undistributed Costs:					
Tuition	3,177,266.96				3,177,266.96
Student and Instruction Related Services	803,362.94	160,753.40			964,116.34
Other Administrative Services	332,759.14				332,759.14
School Administrative Services	339,011.02				339,011.02
Plant Operations and Maintenance	433,789.61				433,789.61
Pupil Transportation	602,152.19				602,152.19
Personal Services - Employee Benefits	2,469,206.41				2,469,206.41
Capital Outlay	1,714,643.50				1,714,643.50
Transfer of Funds to Charter Schools	150,249.00				150,249.00

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES (CONT'D):					
Debt Service:					
Principal				\$ 449,000.00	\$ 449,000.00
Interest and Other Charges				7,409.00	7,409.00
Total Expenditures	\$ 13,059,832.43	\$ 600,750.16	-	456,409.00	14,116,991.59
Excess (Deficiency) of Revenues over Expenditures	(956,402.09)	(8,660.62)	-	-	(965,062.71)
OTHER FINANCING SOURCES (USES):					
Transfers	30,000.00				30,000.00
Total Other Financing Sources and Uses	30,000.00	-	-	-	30,000.00
Net Change in Fund Balances	(926,402.09)	(8,660.62)	-	-	(935,062.71)
Fund Balance (Deficit), July 1	4,083,882.24	(1,830.98)	-	0.51	4,082,051.77
Fund Balance (Deficit), June 30	\$ 3,157,480.15	\$ (10,491.60)	-	\$ 0.51	\$ 3,146,989.06

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

**CLEMENTON SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2018

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

Net Change in Fund Balances - Governmental Funds \$ (935,062.71)

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

Depreciation Expense	\$ (340,213.31)	
Capital Outlays	<u>1,714,643.50</u>	
		1,374,430.19

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 449,000.00

In the statement of activities, certain operating expenses, (e.g., compensated absences, early retirement incentive, interest on debt, pensions), are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). This amount is the net effect of these differences in the treatment of these items. 27,456.50

Change in Net Position of Governmental Activities \$ 915,823.98

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

**CLEMENTON SCHOOL DISTRICT**  
 Proprietary Funds  
 Business-Type Activities - Enterprise Funds  
 Statements of Net Position  
 June 30, 2018

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 51,964.97	\$ 223,416.53
Intergovernmental Accounts Receivable:		
Federal	12,455.65	
Inventory:		
Food	6,123.82	
Supplies	360.06	
	70,904.50	223,416.53
<b>Total Current Assets</b>		
Noncurrent Assets:		
Capital Assets:		
Machinery and Equipment	149,489.00	
Less: Accumulated Depreciation	(115,384.00)	
	34,105.00	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>		
<b>Total Noncurrent Assets</b>	34,105.00	-
<b>Total Assets</b>	105,009.50	223,416.53
<b>LIABILITIES:</b>		
Current Liabilities:		
Interfund Accounts Payable:		
General Fund		2,978.66
Unearned Revenue	5,256.59	170.00
	5,256.59	3,148.66
<b>Total Current Liabilities</b>		
<b>Total Liabilities</b>	5,256.59	3,148.66
<b>NET POSITION:</b>		
Net Investment in Capital Assets	34,105.00	
Unrestricted	65,647.91	220,267.87
	99,752.91	220,267.87
<b>Total Net Position</b>	\$ 99,752.91	\$ 220,267.87

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



**CLEMENTON SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Statements of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>
<b>OPERATING REVENUES:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 39,038.85	
Daily Sales - Non-Reimbursable Programs	21,863.88	
Special Functions	448.61	
Tuition and Fees		\$ 131,460.66
Miscellaneous	31.08	
Total Operating Revenues	<u>61,382.42</u>	<u>131,460.66</u>
<b>OPERATING EXPENSES:</b>		
Food Service Management Company Salaries	84,017.88	
Personnel Services - Salaries		53,478.92
Food Service Management Company Employee Benefits	36,626.54	
Personnel Services - Employee Benefits		4,091.14
Purchased Professional and Technical Services	6,074.05	
Other Purchased Services	19,623.45	86.14
Supplies and Materials	6,644.94	2,869.08
Depreciation	8,475.00	
Cost of Sales:		
Reimbursable Program	69,329.60	
Non-Reimbursable Program	5,288.00	
Miscellaneous	272.07	2,201.22
Total Operating Expenses	<u>236,351.53</u>	<u>62,726.50</u>
Operating Income (Loss)	<u>(174,969.11)</u>	<u>68,734.16</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State Sources:		
State School Lunch Program	2,487.05	
Federal Sources:		
National School Breakfast Program	27,038.86	
National School Lunch Program	125,574.70	
Snacks	7,927.04	
HHFKA - Performance Based	2,995.08	
Food Distribution Program	12,257.14	
Interest and Investment Revenue		228.72
Total Nonoperating Revenues (Expenses)	<u>178,279.87</u>	<u>228.72</u>
Change in Net Position	3,310.76	68,962.88
Net Position, July 1	96,442.15	151,304.99
Net Position, June 30	<u>\$ 99,752.91</u>	<u>\$ 220,267.87</u>

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

**CLEMENTON SCHOOL DISTRICT**  
 Proprietary Funds  
 Business-Type Activities - Enterprise Funds  
 Statements of Cash Flows  
 For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Customers and Users	\$ 61,382.42	\$ 130,438.08
Payments to Suppliers	(230,441.42)	(5,156.44)
Payments to Employees		(54,941.58)
Payments for Employee Benefits		(4,203.03)
Net Cash Provided by (Used for) Operating Activities	<u>(169,059.00)</u>	<u>66,137.03</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Federal Sources	171,928.02	
State Sources	<u>2,584.70</u>	
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>174,512.72</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends		<u>228.72</u>
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>228.72</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,453.72	66,365.75
Cash and Cash Equivalents, July 1	<u>46,511.25</u>	<u>157,050.78</u>
Cash and Cash Equivalents, June 30	<u>\$ 51,964.97</u>	<u>\$ 223,416.53</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>		
Operating Income (Loss)	\$ (174,969.11)	\$ 68,734.16
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	8,475.00	
(Increase) Decrease in Inventories for Consumption	180.37	
(Increase) Decrease in Inventories for Resale	(2,745.26)	
Increase (Decrease) in Interfund Accounts Payable		(1,574.55)
Increase (Decrease) in Unearned Revenue		(1,022.58)
Total Adjustments	<u>5,910.11</u>	<u>(2,597.13)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (169,059.00)</u>	<u>\$ 66,137.03</u>

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

**CLEMENTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2018

	Private-Purpose Trust Funds			Agency Funds	
	Unemployment Compensation Trust	Flexible Benefits Trust	Scholarship Fund	Student Activity	Payroll
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 158,984.74	\$ 2,959.46	\$ 7,217.39	\$ 171,672.03	\$ 8,855.63
Intrafund Accounts Receivable:					
Payroll Agency	5,393.17				
Interfund Accounts Receivable:					
General Fund					0.12
<b>Total Assets</b>	<u>164,377.91</u>	<u>2,959.46</u>	<u>7,217.39</u>	<u>\$ 171,672.03</u>	<u>\$ 8,855.75</u>
<b>LIABILITIES:</b>					
Intrafund Accounts Payable:					
Unemployment Compensation Trust					\$ 5,393.17
Interfund Accounts Payable:					
General Fund	35,393.17			\$ 161,823.88	
Payable to Student Groups				9,848.15	
Payroll Deductions and Withholdings					3,462.58
<b>Total Liabilities</b>	<u>35,393.17</u>	<u>-</u>	<u>-</u>	<u>\$ 171,672.03</u>	<u>\$ 8,855.75</u>
<b>NET POSITION:</b>					
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 128,984.74</u>	<u>\$ 2,959.46</u>	<u>\$ 7,217.39</u>		

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

**CLEMENTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Fund Net Position  
 For the Fiscal Year Ended June 30, 2018

	Private-Purpose Trust Funds		
	Unemployment Compensation <u>Trust</u>	Flexible Benefits <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS:			
Contributions:			
Employee	\$ 7,966.86	\$ 5,110.00	-
Total Contributions	<u>7,966.86</u>	<u>5,110.00</u>	<u>-</u>
Investment Earnings:			
Interest and Dividends	163.17	3.00	-
Net Investment Earnings	<u>163.17</u>	<u>3.00</u>	<u>-</u>
Total Additions	<u>8,130.03</u>	<u>5,113.00</u>	<u>-</u>
DEDUCTIONS:			
Claims	5,393.17	5,284.00	-
Equity Transfer	<u>30,000.00</u>	-	-
Total Deductions	<u>35,393.17</u>	<u>5,284.00</u>	<u>-</u>
Change in Net Position	(27,263.14)	(171.00)	-
Net Position, July 1	<u>156,247.88</u>	<u>3,130.46</u>	<u>\$ 7,217.39</u>
Net Position, June 30	<u>\$ 128,984.74</u>	<u>\$ 2,959.46</u>	<u>\$ 7,217.39</u>

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

**CLEMENTON SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2018

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades kindergarten through eighth at its one school. Students in grades nine through twelve attend, on a tuition basis, the Pine Hill School District. The School District has an approximate enrollment at June 30, 2018 of 445.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the School District over which the Board exercises operating control.

**Component Units**

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

Based upon the application of these criteria, the School District has no component units.

**Government-wide and Fund Financial Statements**

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

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

The School District reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

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

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

The School District reports the following major proprietary funds:

**Enterprise Funds**

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

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

Additionally, the School District reports the following fund types.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

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

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

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

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



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

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

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

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

**Budgets / Budgetary Control**

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

**Cash, Cash Equivalents and Investments**

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Tuition Receivable**

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

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018. The School District had no prepaid expenses for the fiscal year ended June 30, 2018.

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

**Short-Term Interfund Receivables / Payables**

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

**Capital Assets**

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 Years
Buildings and Building Improvements	5 - 50 Years
Machinery and Equipment	5 - 25 Years

The School District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

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

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2018 and 2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Unearned Revenue**

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

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2018, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

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

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

**Net Position**

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

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

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

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

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

**Fund Balance**

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

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

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

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

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

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

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

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

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

**Accounting Estimates**

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

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

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of this Statement required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. In addition, the School District was required to include additional note disclosures (see note 8) and required supplementary information related to postemployment benefits.

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

Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the basic financial statements of the School District.

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2018:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of June 30, 2018, the School District's bank balances of \$3,863,717.95 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 3,738,727.70
Uninsured and Uncollateralized	<u>124,990.25</u>
Total	<u>\$ 3,863,717.95</u>

**Note 3: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

**Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)**

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017		\$ 1,298,321.79
Increased by:		
Interest Earnings	<u>\$ 1,368.14</u>	
		<u>1,368.14</u>
		1,299,689.93
Decreased by:		
Withdrawals:		
Utilization in FY 18 Budget	<u>892,555.00</u>	
Total Withdrawals		<u>892,555.00</u>
Ending Balance, June 30, 2018		<u>\$ 407,134.93</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted projects at June 30, 2018 is \$2,228,906.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018 consisted of reimbursements and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey. However, an allowance for doubtful accounts in the amount of \$70,378.64 has been recorded in the general fund for the fiscal year ended June 30, 2018 against the balance of other receivable (\$94,461.22 gross) that are not expected to be fully collected within the subsequent fiscal year.

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

Description	Governmental Funds		Proprietary Funds			Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Total Business-Type Activities	
Federal Awards		\$ 33,714.29	\$ 33,714.29	\$ 12,455.65	\$ 12,455.65	\$ 46,169.94
State Awards	\$ 100,323.00		100,323.00			100,323.00
Tuition Charges	24,082.58		24,082.58			24,082.58
Fiduciary Fund	197,216.93		197,216.93			197,216.93
	<u>\$ 321,622.51</u>	<u>\$ 33,714.29</u>	<u>\$ 355,336.80</u>	<u>\$ 12,455.65</u>	<u>\$ 12,455.65</u>	<u>\$ 367,792.45</u>



**Note 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Governmental Activities:</b>					
Capital Assets, not being Depreciated:					
Land	\$ 178,131.00				\$ 178,131.00
Construction in Progress	33,269.76	\$ 5,400.00	\$ (33,269.76)		5,400.00
Total Capital Assets, not being Depreciated	211,400.76	5,400.00	(33,269.76)	-	183,531.00
Capital Assets, being Depreciated:					
Land Improvements	223,095.30	24,400.00			247,495.30
Buildings and Building Improvements	9,398,840.00	1,474,050.37	33,269.76		10,906,160.13
Machinery and Equipment	619,433.00	210,793.13		\$ (22,754.00)	807,472.13
Total Capital Assets, being Depreciated	10,241,368.30	1,709,243.50	33,269.76	(22,754.00)	11,961,127.56
Total Capital Assets, Cost	10,452,769.06	1,714,643.50	-	(22,754.00)	12,144,658.56
Less Accumulated Depreciation for:					
Land Improvements	(163,506.00)	(5,339.00)			(168,845.00)
Buildings and Building Improvements	(5,514,299.00)	(310,681.36)			(5,824,980.36)
Machinery and Equipment	(512,046.00)	(24,192.95)		22,754.00	(513,484.95)
Total Accumulated Depreciation	(6,189,851.00)	(340,213.31)	-	22,754.00	(6,507,310.31)
Total Capital Assets, being Depreciated, Net	4,051,517.30	1,369,030.19	33,269.76	-	5,453,817.25
Governmental Activities Capital Assets, Net	<u>\$ 4,262,918.06</u>	<u>\$ 1,374,430.19</u>	<u>-</u>	<u>-</u>	<u>\$ 5,637,348.25</u>
<b>Business-Type Activities:</b>					
Capital Assets, being Depreciated:					
Machinery and Equipment	\$ 149,489.00				\$ 149,489.00
Total Capital Assets, being Depreciated	149,489.00	-	-	-	149,489.00
Total Capital Assets, Cost	149,489.00	-	-	-	149,489.00
Less Accumulated Depreciation for:					
Machinery and Equipment	(106,909.00)	\$ (8,475.00)			(115,384.00)
Total Accumulated Depreciation	(106,909.00)	(8,475.00)	-	-	(115,384.00)
Total Capital Assets, being Depreciated, Net	42,580.00	(8,475.00)	-	-	34,105.00
Business-Type Activities Capital Assets, Net	<u>\$ 42,580.00</u>	<u>\$ (8,475.00)</u>	<u>-</u>	<u>-</u>	<u>\$ 34,105.00</u>

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

<b>Governmental Activities:</b>	
Regular Instruction	\$ 238,149.54
Other Administrative Services	34,020.87
Plant Operations and Maintenance	34,020.88
Unallocated	34,022.02
Total Depreciation Expense - Governmental Activities	<u>\$ 340,213.31</u>
<b>Business-Type Activities:</b>	
Food Service	\$ 8,745.00
Total Depreciation Expense - Business-Type Activities	<u>\$ 8,745.00</u>

**Note 6: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 449,000.00		\$ (449,000.00)		
Total Bonds Payable	449,000.00	-	(449,000.00)	-	-
Other Liabilities:					
Compensated Absences	97,241.85	\$ 20,162.85	(13,545.06)	\$ 103,859.64	\$ 33,833.54
Net Pension Liability (note 7)	1,912,009.00	548,757.00	(1,124,836.00)	1,335,930.00	
Early Retirement Incentive (PERS, TPAF)	118,029.00		(13,808.00)	104,221.00	13,808.00
Total Other Liabilities	2,127,279.85	568,919.85	(1,152,189.06)	1,544,010.64	47,641.54
Governmental Activities Long-Term Liabilities	\$ 2,576,279.85	\$ 568,919.85	\$ (1,601,189.06)	\$ 1,544,010.64	\$ 47,641.54

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

**Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds.

On April 1, 2005, the School District issued \$2,293,000.00 of general serial bonds, at an interest rate of 4.20%, for renovations and improvements to the school building. On May 1, 2013, the School District issued refunding bonds in the amount of \$1,753,000.00, at an interest rate of 1.65%, to advance refund \$1,653,000.00 of the April 1, 2005 general serial bonds. The refunding bonds matured on April 1, 2018 and therefore there remain no outstanding bonds.

**Bonds Authorized but not Issued** - As of June 30, 2018, the School District had no authorizations to issue additional bonded debt.

**Compensated Absences** - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid, which is the general fund. Refer to note 12 for a description of the School District's policy.

**Net Pension Liability** - For details on the net pension liability, refer to note 7. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

**Early Retirement Incentive** - In accordance with the Lower Camden County Regional High School dissolution agreement, effective July 1, 2001, the Clementon School District assumed liability for its proportionate share of the "Regional High School Early Retirement Incentive Program" permitted by State legislation during 1995 for certain members of the Teachers' Pension and Annuity Fund and the Public Employees Retirement Fund. The members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1996 to be eligible. The School District is liable for its proportionate share of additional costs under this program. As of June 30, 2018, the School District had an accrued liability of \$104,221.00, payable in annual installments from the general fund, with final liquidation of the liability in fiscal year 2021.

**Note 7: PENSION PLANS**

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

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.nj.gov/treasury/pensions/gasb-notices.shtml>

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

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

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

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 with 25 years or more service credit before age 62 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.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 9.66% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was \$339,453.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$261,837.27.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

**Note 7: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 14.46% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$53,165.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$28,969.15.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2018, employee contributions totaled \$2,617.86, and the School District recognized pension expense, which equaled the required contributions, of \$5,093.85. There were no forfeitures during the fiscal year.

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

**Teachers' Pension and Annuity Fund** - At June 30, 2018, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	20,381,989.00
	<u>\$ 20,381,989.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. For the June 30, 2017 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2017, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2017 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.0302297521%, which was a decrease of 0.0019542424% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized \$1,411,961.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System** - At June 30, 2018, the School District reported a liability of \$1,335,930.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the School District's proportion was 0.0057389238%, which was a decrease of 0.0007168306% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized pension expense of \$24,325.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 31,457.00	\$ -
Changes of Assumptions	269,144.00	268,157.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	9,097.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	12,661.00	281,133.00
School District Contributions Subsequent to the Measurement Date	55,614.00	-
	<u>\$ 377,973.00</u>	<u>\$ 549,290.00</u>

\$55,614.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>		
2019	\$	(40,585.00)
2020		(24,577.00)
2021		(39,429.00)
2022		(80,777.00)
2023		(41,563.00)
		<u>(41,563.00)</u>
	\$	<u>(226,931.00)</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48



**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation	2.25%	2.25%
Salary Increases:		
2012-2021	Varies Based on Experience	-
Through 2026	-	1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

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

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables 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. Post-retirement 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).

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rates used to measure the total pension liability at June 30, 2017 were 4.25% and 5.00% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036 for TPAF and 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 for TPAF and 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Note 7: PENSION PLANS (CONT'D)****Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2017, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.25%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	24,214,442.00	20,381,989.00	17,224,797.00
	<u>\$ 24,214,442.00</u>	<u>\$ 20,381,989.00</u>	<u>\$ 17,224,797.00</u>

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ 1,657,311.00	\$ 1,335,930.00	\$ 1,068,179.00

**Pension Plan Fiduciary Net Position**

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

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**Contributions** - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Employees Covered by Benefit Terms** - At June 30, 2018, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	<u>-</u>
	<u><u>366,078</u></u>

**Total Non-Employer OPEB Liability**

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the statement of net position. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2018 was \$23,245,243.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The total non-employer OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total non-employer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. For the June 30, 2017 measurement date, the State's proportionate share of the non-employer OPEB Plan liability associated with the School District was .0433357784%, which was a decrease of .0004636692% from its proportion measured as of June 30, 2016.

**Actuarial Assumptions and Other Inputs** - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2016 used the following actuarial assumptions, applied to all periods in the measurement:

**Salary Increases -**

	<u>TPAF/ABP</u> <sup>(1)</sup>	<u>PERS</u> <sup>(2)</sup>	<u>PFRS</u> <sup>(2)</sup>
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) Based on years of service

(2) Based on age

**Inflation Rate - 2.50%.**

**Mortality Rates** - Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

**Experience Studies** - The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Discount Rate** - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

**Changes in the Total Non-Employer OPEB Liability** - The below table summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the School District:

Balance at June 30, 2017		\$ 25,330,002.00
Changes for the Year:		
Service Cost	\$ 862,128.00	
Interest Cost	739,138.00	
Changes in Assumptions	(3,167,442.00)	
Gross Benefit Payments	(538,409.00)	
Member Contributions	19,826.00	
Net Changes		(2,084,759.00)
Balance at June 30, 2018		\$ 23,245,243.00

There were no changes in benefit terms between the June 30, 2016 measurement date and the June 30, 2017 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% for the June 30, 2016 measurement date to 3.58% for the June 30, 2017 measurement date.

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2017, associated with the School District, using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 27,593,780.50	\$ 23,245,243.00	\$ 19,795,941.73

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2017, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 19,116,965.25	\$ 23,245,243.00	\$ 28,727,547.28

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability** - For the fiscal year ended June 30, 2018, the School District recognized \$1,251,873.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2017 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2018, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in Proportion	\$ -	\$ 211,885.00
Changes of Assumptions or Other Inputs	-	2,749,122.00
	<u>\$ -</u>	<u>\$ 2,961,007.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability, associated with the School District, will be recognized in OPEB expense as follows:

**Year Ending  
June 30,**

2019	\$ (346,722.20)
2020	(346,722.20)
2021	(346,722.20)
2022	(346,722.20)
2023	(346,722.20)
Thereafter	<u>(1,227,395.98)</u>
	<u>\$ (2,961,007.00)</u>

**Note 9: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2018, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$495,354.00, \$12,021.00, \$327,702.00, and \$1,233.00, respectively.

**Note 10: RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Transfers</u>	<u>Ending</u> <u>Balance</u>
2018		\$ 7,966.86	\$ 163.17	\$ 5,393.17	\$ 30,000.00	\$ 128,984.74
2017	\$ 30,000.00	7,196.37		2,544.72		156,247.88
2016	30,000.00	7,592.02		5,878.88		121,596.23

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

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

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

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The Fund provides the School District with the following coverage:

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

The Fund publishes its own financial report for the fiscal year ended June 30, 2018, which can be obtained from:

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



**Note 11: DEFERRED COMPENSATION**

The School District offers its employees a choice of four deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrator is The Omni Financial Group.

**Note 12: COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position was \$103,859.64.

**Note 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Interfunds** - The composition of interfund balances as of June 30, 2018 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 204,580.31	\$ 0.50
Special Revenue		4,384.72
Debt Service	0.50	
Camp Clementon		2,978.66
Fiduciary	0.12	197,217.05
	<u>\$ 204,580.93</u>	<u>\$ 204,580.93</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2018, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Transfers** - The School District has not had significant unemployment claims in the past several fiscal years and determined that there is more held in trust than needed. Therefore, the fiduciary fund transferred \$30,000.00 from the unemployment fund to the general fund during the fiscal year ended June 30, 2018.

**Note 14: CONTINGENCIES**

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

**Note 15: CONCENTRATIONS**

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

**Note 16: COMMITMENTS**

The School District had one project as of the fiscal year ended June 30, 2018 that is to continue into the subsequent fiscal year(s). The project, which is related to the food service fund, is as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
Don J. Urie Associates	06/20/18	\$ 14,639.00

**Note 17: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$316,811.40 in the general fund and \$10,491.60 in the special revenue fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$316,811.40 is less than the June state aid payments.

**Note 18: FUND BALANCES****RESTRICTED**

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

**General Fund**

**For Capital Reserve Account** - As of June 30, 2018, the balance in the capital reserve account is \$407,134.93. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP). Restricted cash and cash equivalents related to the capital reserve account was \$1,499,689.93 as of June 30, 2018.

**For Tuition** - In accordance with N.J.A.C. 6A:23A-3.1(f)(8), the School District has restricted fund balance in the amount of \$200,000.00 in a legal reserve for tuition adjustments. This restricted fund balance represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective contract year. As of June 30, 2018, \$200,000.00 have been restricted for the contract years 2016-2017.

**For Emergency Reserve** - As of June 30, 2018, the balance in the emergency reserve is \$100,000.00. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the restricted fund balance is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

**For Maintenance Reserve Account** - As of June 30, 2018, the balance in the maintenance reserve account is \$125,000.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$1,877,692.05. Additionally, \$841,863.22 of excess fund balance generated during 2016-2017 has been restricted and designated for utilization in the 2018-2019 budget.

**Debt Service Fund** - As of June 30, 2018, the balance is \$0.51. These funds are restricted for future debt service expenditures.

**Note 18: FUND BALANCES (CONT'D)****COMMITTED**

As stated in note 1, the committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which is the Board of Education. Specific commitments of the School District's fund balance are summarized as follows:

**General Fund** - The Board of Education approved the commitment of funds received from the Estate of John Zawinski. These funds have been committed to be used for the purchase of solar panels, an electronic sign for the school, playground equipment and science lab equipment. As of June 30, 2018, \$557,823.88 has been committed for this purpose

**ASSIGNED**

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

**General Fund**

**Other Purposes** - As of June 30, 2018, the School District had \$78,635.91 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2019 \$128,004.78 of general fund balance at June 30, 2018.

**UNASSIGNED**

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

**General Fund** - As of June 30, 2018, the unassigned fund balance of the general fund was a deficit of \$316,811.40. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 17, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$316,811.40 is less than the last state aid payment

**Special Revenue Fund** - As of June 30, 2018, the fund balance of the special revenue fund was a deficit of \$10,491.60, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 17, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$10,491.60 is less than the last state aid payment.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II  
BUDGETARY COMPARISON SCHEDULES**

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,200,789.00		\$ 4,200,789.00	\$ 4,200,789.00	
Tuition	61,493.00		61,493.00	75,125.00	\$ 13,632.00
Interest Earned on Capital Reserve Funds				1,368.14	1,368.14
Unrestricted Miscellaneous Revenues	<u>85,000.00</u>		<u>85,000.00</u>	<u>273,395.32</u>	<u>188,395.32</u>
Total - Local Sources	<u>4,347,282.00</u>	-	<u>4,347,282.00</u>	<u>4,550,677.46</u>	<u>203,395.46</u>
Federal Sources:					
Medicaid Reimbursement	<u>14,639.00</u>		<u>14,639.00</u>	<u>14,639.00</u>	
Total - Federal Sources	<u>14,639.00</u>	-	<u>14,639.00</u>	<u>14,639.00</u>	-
State Sources:					
Categorical Special Education Aid	371,383.00		371,383.00	371,383.00	
Equalization Aid	5,785,597.00		5,785,597.00	5,793,075.00	7,478.00
Categorical Security Aid	135,485.00		135,485.00	135,485.00	
Categorical Transportation Aid	57,738.00		57,738.00	57,738.00	
Extraordinary Aid	50,000.00		50,000.00	73,351.00	23,351.00
PARCC Readiness Aid	6,020.00		6,020.00	6,020.00	
Per Pupil Growth Aid	6,020.00		6,020.00	6,020.00	
Professional Learning Community Aid	5,390.00		5,390.00	5,390.00	
Other State Aids:					
Other State Aids - Out of Cap (Additional Nonpublic School Transportation Aid)				13,340.00	13,340.00
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				507,375.00	507,375.00
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				327,702.00	327,702.00
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)				1,233.00	1,233.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				254,264.18	254,264.18
Total - State Sources	<u>6,417,633.00</u>	-	<u>6,417,633.00</u>	<u>7,552,376.18</u>	<u>1,134,743.18</u>
Total Revenues	<u>10,779,554.00</u>	-	<u>10,779,554.00</u>	<u>12,117,692.64</u>	<u>1,338,138.64</u>

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 183,760.00		\$ 183,760.00	\$ 165,227.32	\$ 18,532.68
Grades 1-5 - Salaries of Teachers	1,195,625.00	\$ (25,771.00)	1,169,854.00	1,134,484.39	35,369.61
Grades 6-8 - Salaries of Teachers	787,195.00	(6,528.97)	780,666.03	777,183.28	3,482.75
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500.00		3,500.00		3,500.00
Other Salaries for Instruction	3,500.00		3,500.00		3,500.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	39,055.00		39,055.00	33,523.19	5,531.81
Purchased Professional - Educational Services	139,230.00		139,230.00	78,086.06	61,143.94
Purchased Technical Services	22,000.00		22,000.00	18,170.65	3,829.35
Other Purchased Services (400-500 Series)	41,500.00	500.00	42,000.00	31,558.79	10,441.21
General Supplies	110,555.94	(12,007.66)	98,548.28	57,409.43	41,138.85
Textbooks	30,072.00		30,072.00	9,236.05	20,835.95
Other Objects	7,275.00		7,275.00	3,188.00	4,087.00
Total Regular Programs - Instruction	<u>2,563,267.94</u>	<u>(43,807.63)</u>	<u>2,519,460.31</u>	<u>2,308,067.16</u>	<u>211,393.15</u>
Special Education - Instruction:					
Learning and / or Language Disabilities:					
Salaries of Teachers	185,800.00		185,800.00	120,464.00	65,336.00
General Supplies	300.00	702.66	1,002.66	529.12	473.54
Total Learning and / or Language Disabilities	<u>186,100.00</u>	<u>702.66</u>	<u>186,802.66</u>	<u>120,993.12</u>	<u>65,809.54</u>
Multiple Disabilities:					
Salaries of Teachers	155,450.00		155,450.00	155,450.00	
Purchased Professional - Education Services	89,052.00		89,052.00	63,830.52	25,221.48
General Supplies	725.00		725.00	348.18	376.82
Total Multiple Disabilities	<u>245,227.00</u>	<u>-</u>	<u>245,227.00</u>	<u>219,628.70</u>	<u>25,598.30</u>

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Resource Room / Resource Center:					
Salaries of Teachers	\$ 291,440.00		\$ 291,440.00	\$ 289,090.00	\$ 2,350.00
General Supplies	409.97	\$ (90.00)	319.97	171.15	148.82
Total Resource Room / Resource Center	<u>291,849.97</u>	<u>(90.00)</u>	<u>291,759.97</u>	<u>289,261.15</u>	<u>2,498.82</u>
Home Instruction:					
Salaries of Teachers	5,000.00		5,000.00	2,152.50	2,847.50
Total Home Instruction	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>	<u>2,152.50</u>	<u>2,847.50</u>
Total Special Education - Instruction	<u>728,176.97</u>	<u>612.66</u>	<u>728,789.63</u>	<u>632,035.47</u>	<u>96,754.16</u>
Bilingual Education - Instruction:					
Salaries of Teachers	54,200.00		54,200.00	54,200.00	
General Supplies	1,000.00		1,000.00	95.19	904.81
Total Bilingual Education - Instruction	<u>55,200.00</u>	<u>-</u>	<u>55,200.00</u>	<u>54,295.19</u>	<u>904.81</u>
School-Sponsored Cocurricular / Extracurricular Activities - Instruction:					
Salaries	12,014.00		12,014.00	12,014.00	
Purchased Services (300-500 Series)	386.00		386.00	307.20	78.80
Supplies and Materials	3,342.00	3,978.00	7,320.00	4,782.55	2,537.45
Total School-Sponsored Cocurricular / Extracurricular Activities - Instruction	<u>15,742.00</u>	<u>3,978.00</u>	<u>19,720.00</u>	<u>17,103.75</u>	<u>2,616.25</u>
School-Sponsored Athletics - Instruction:					
Salaries	20,642.00		20,642.00	20,642.00	
Purchased Services (300-500 Series)	9,558.00	(1,491.27)	8,066.73	2,165.00	5,901.73
Supplies and Materials	2,123.93	1,491.27	3,615.20	2,481.17	1,134.03
Other Objects	1,432.00		1,432.00	601.92	830.08
Total School-Sponsored Athletics - Instruction	<u>33,755.93</u>	<u>-</u>	<u>33,755.93</u>	<u>25,890.09</u>	<u>7,865.84</u>
Total Instruction	<u>3,396,142.84</u>	<u>(39,216.97)</u>	<u>3,356,925.87</u>	<u>3,037,391.66</u>	<u>319,534.21</u>

(Continued)



**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	\$ 1,952,728.43	\$ 52,418.31	\$ 2,005,146.74	\$ 2,005,146.74	
Tuition to Other LEA's Within the State - Special	147,795.00	134,364.66	282,159.66	250,993.14	\$ 31,166.52
Tuition to County Vocational School District - Regular	156,849.00	(61,339.00)	95,510.00	95,509.90	0.10
Tuition to CSSD and Regional Day Schools	207,300.00	10,544.50	217,844.50	217,844.50	
Tuition to Private Schools for the Disabled - Within State	599,451.00	8,321.68	607,772.68	607,772.68	
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,064,123.43</b>	<b>144,310.15</b>	<b>3,208,433.58</b>	<b>3,177,266.96</b>	<b>31,166.62</b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	6,000.00	1,067.00	7,067.00	6,216.00	851.00
Purchased Professional and Technical Services	6,495.00	(267.00)	6,228.00	5,497.88	730.12
Supplies and Materials	500.00		500.00	500.00	500.00
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>12,995.00</b>	<b>800.00</b>	<b>13,795.00</b>	<b>11,713.88</b>	<b>2,081.12</b>
Undistributed Expenditures - Health Services:					
Salaries	53,580.00	1,383.00	54,963.00	53,912.50	1,050.50
Purchased Professional and Technical Services	9,750.00	(2,340.00)	7,410.00	7,239.98	170.02
Supplies and Materials	2,400.00	957.00	3,357.00	2,815.30	541.70
<b>Total Undistributed Expenditures - Health Services</b>	<b>65,730.00</b>	<b>-</b>	<b>65,730.00</b>	<b>63,967.78</b>	<b>1,762.22</b>
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	57,100.00	869.00	57,969.00	56,600.00	1,369.00
Purchased Professional - Educational Services	74,000.00	(2,606.12)	71,393.88	45,377.00	26,016.88
Supplies and Materials	900.00		900.00	456.90	443.10
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>132,000.00</b>	<b>(1,737.12)</b>	<b>130,262.88</b>	<b>102,433.90</b>	<b>27,828.98</b>

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Extraordinary Services:					
Salaries	\$ 100,000.00	\$ (66,326.00)	\$ 33,674.00		\$ 33,674.00
Purchased Professional - Educational Services		96,326.00	96,326.00	\$ 96,326.00	
<b>Total Undistributed Expenditures - Other Support Services -</b>	<b>100,000.00</b>	<b>30,000.00</b>	<b>130,000.00</b>	<b>96,326.00</b>	<b>33,674.00</b>
Undistributed Expenditures - Guidance:					
Students - Regular:					
Salaries of Other Professional Staff	58,850.00		58,850.00	58,850.00	
Other Purchased Professional and Technical Services		1,163.50	1,163.50	1,160.00	3.50
Supplies and Materials	3,000.00	(1,163.50)	1,836.50	1,013.00	823.50
<b>Total Undistributed Expenditures - Guidance</b>	<b>61,850.00</b>	<b>-</b>	<b>61,850.00</b>	<b>61,023.00</b>	<b>827.00</b>
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	203,400.00	(1,000.00)	202,400.00	197,555.32	4,844.68
Salaries of Secretarial and Clerical Assistants	30,780.00	1,000.00	31,780.00	31,780.00	
Purchased Professional - Educational Services	17,477.00	2,523.92	20,000.92	16,286.48	3,714.44
Misc Purchased Services (400-500 Series) Other than Residence	430.00		430.00		430.00
Supplies and Materials	3,200.00	(1,973.92)	1,226.08	1,226.08	
<b>Total Undistributed Expenditures - Child Study Team</b>	<b>255,287.00</b>	<b>550.00</b>	<b>255,837.00</b>	<b>246,847.88</b>	<b>8,989.12</b>
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	34,950.00		34,950.00	32,520.00	2,430.00
Purchased Professional and Technical Services	70,008.00		70,008.00	64,174.00	5,834.00
Other Purchased Services (400-500 Series)	51,302.00		51,302.00	40,176.93	11,125.07
Supplies and Materials	16,503.22	(550.00)	15,953.22	8,474.03	7,479.19
<b>Total Undistributed Expenditures - Educational Media Services /</b>	<b>172,763.22</b>	<b>(550.00)</b>	<b>172,213.22</b>	<b>145,344.96</b>	<b>26,868.26</b>
<b>School Library</b>					

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	\$ 67,460.00		\$ 67,460.00	\$ 67,459.60	\$ 0.40
Other Purchased Services (400-500 Series)	18,590.00		18,590.00	8,245.94	10,344.06
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>86,050.00</b>	<b>-</b>	<b>86,050.00</b>	<b>75,705.54</b>	<b>10,344.46</b>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	167,664.00	\$ 500.00	168,164.00	166,942.38	1,221.62
Legal Services	45,000.00	(1,144.14)	43,855.86	38,645.25	5,210.61
Audit Fees	25,500.00		25,500.00	25,500.00	
Other Purchased Professional Services	3,000.00	(1,100.00)	1,900.00	1,580.00	320.00
Purchased Technical Services	14,992.00	(2,901.86)	12,090.14	8,255.14	3,835.00
Communications / Telephone	34,281.00	13,520.38	47,801.38	41,610.71	6,190.67
Travel		1,300.00	1,300.00		1,300.00
BOE Other Purchased Services	3,700.00	(1,300.00)	2,400.00	1,769.09	630.91
Miscellaneous Purchased Services (400-500)	12,695.00	(1,380.37)	11,314.63	11,314.63	
General Supplies	300.00	34.01	334.01	334.01	
BOE In-House Training / Meeting Supplies	575.00	(548.00)	27.00	27.00	
Miscellaneous Expenditures	5,650.00	2,996.00	8,646.00	8,645.50	0.50
BOE Membership Dues and Fees	8,316.00	387.95	8,703.95	8,703.95	
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>321,673.00</b>	<b>10,363.97</b>	<b>332,036.97</b>	<b>313,327.66</b>	<b>18,709.31</b>
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	85,000.00		85,000.00	64,999.93	20,000.07
Salaries of Secretarial and Clerical Assistants	58,276.00		58,276.00	57,559.80	716.20
Supplies and Materials	2,000.00		2,000.00	1,873.79	126.21
Other Objects	500.00		500.00	285.43	214.57
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>145,776.00</b>	<b>-</b>	<b>145,776.00</b>	<b>124,718.95</b>	<b>21,057.05</b>

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 165,638.00		\$ 165,638.00	\$ 165,049.00	\$ 589.00
Purchased Technical Services	35,977.00	\$ 12,413.00	48,390.00	46,802.60	1,587.40
Supplies and Materials	800.00	962.00	1,762.00	1,757.22	4.78
Miscellaneous Expenditures	1,200.00	(200.00)	1,000.00	683.25	316.75
Total Undistributed Expenditures - Central Services	<u>203,615.00</u>	<u>13,175.00</u>	<u>216,790.00</u>	<u>214,292.07</u>	<u>2,497.93</u>
Undistributed Expenditures - Administration Information					
Technology:					
Supplies and Materials	30,165.00		30,165.00	19,431.48	10,733.52
Total Undistributed Expenditures - Administration Information Technology	<u>30,165.00</u>	<u>-</u>	<u>30,165.00</u>	<u>19,431.48</u>	<u>10,733.52</u>
Undistributed Expenditures - Required Maintenance for School					
Facilities:					
Cleaning, Repair, and Maintenance Services	21,834.00	(670.00)	21,164.00	19,006.12	2,157.88
General Supplies	3,620.00	670.00	4,290.00	4,290.00	
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>25,454.00</u>	<u>-</u>	<u>25,454.00</u>	<u>23,296.12</u>	<u>2,157.88</u>
Undistributed Expenditures - Custodial Services:					
Salaries	181,175.00		181,175.00	159,020.64	22,154.36
Purchased Professional and Technical Services	332.00		332.00	214.00	118.00
Cleaning, Repair, and Maintenance Services	52,668.56	116.00	52,784.56	51,418.01	1,366.55
Other Purchased Property Services	15,150.00	(1,470.00)	13,680.00	13,679.67	0.33
Insurance	32,888.00	(2,256.00)	30,632.00	30,632.00	
General Supplies	25,774.60	5,610.00	31,384.60	28,594.80	2,789.80
Energy (Electricity)	150,000.00		150,000.00	106,079.36	43,920.64
Total Undistributed Expenditures - Custodial Services	<u>457,988.16</u>	<u>2,000.00</u>	<u>459,988.16</u>	<u>389,638.48</u>	<u>70,349.68</u>

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	\$ 500.00	\$ 300.00	\$ 800.00	\$ 799.22	\$ 0.78
General Supplies	800.00	(300.00)	500.00		500.00
Total Undistributed Expenditures - Care and Upkeep of Grounds	1,300.00	-	1,300.00	799.22	500.78
Undistributed Expenditures - Security:					
Salaries	5,000.00		5,000.00	5,000.00	
Total Undistributed Expenditures - Security	5,000.00	-	5,000.00	5,000.00	-
Total Undistributed Expenditures - Operation and Maintenance of Plant Services					
	489,742.16	2,000.00	491,742.16	418,733.82	73,008.34
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular					
Salaries for Pupil Transportation (Between Home and School) - Nonpublic	20,000.00	6,702.00	26,702.00		26,702.00
Management Fee - ESC and CTSA Transportation Program	28,000.00	(2,859.24)	25,140.76	17,087.43	8,053.33
Contracted Services - (Between Home and School) - Vendors	40,000.00	(11,842.76)	28,157.24	28,157.24	
Contracted Services - (Other than Between Home and School) - Vendors	80,822.00	40,600.00	121,422.00	111,158.12	10,263.88
Contracted Services (Between Home and School) - Joint Agreements	63,000.00	10,000.00	73,000.00	72,548.70	451.30
Contracted Services (Regular Students) - ESCs and CTSA	76,875.00		76,875.00	62,565.92	14,309.08
Contracted Services (Special Education Students) - ESCs and CTSA	389,500.00	(77,302.00)	312,198.00	256,484.78	55,713.22
Contracted Services - Aid in Lieu Payments - Nonpublic Schools		26,702.00	26,702.00	26,702.00	
Contracted Services - Aid in Lieu Payments - Charter Schools	10,608.00	1,500.00	12,108.00	12,108.00	
Contracted Services - Aid in Lieu Payments - Choice Schools	8,840.00	6,500.00	15,340.00	15,340.00	
Total Undistributed Expenditures - Student Transportation Services	717,645.00	-	717,645.00	602,152.19	115,492.81
Unallocated Benefits - Employee Benefits:					
Group Insurance					
Social Security Contributions	50,000.00	28,199.57	78,199.57	58,421.02	19,778.55
T.P.A.F. Contributions - ERIP	13,252.00	660.00	13,912.00	13,808.00	104.00
Other Retirement Contributions - PERS	68,000.00	(660.00)	67,340.00	53,741.59	13,598.41
Unemployment Compensation	30,000.00		30,000.00		30,000.00
Workmen's Compensation	40,170.00		40,170.00	36,450.00	3,720.00
Health Benefits	1,394,776.00	(236,818.00)	1,157,958.00	1,146,291.00	11,667.00
Tuition Reimbursements	31,142.00	(18,699.57)	12,442.43	1,250.00	11,192.43

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Unallocated Benefits - Employee Benefits (cont'd):					
Other Employee Benefits	\$ 55,575.00	\$ 18,105.00	\$ 73,680.00	\$ 61,420.62	\$ 12,259.38
Unused Sick Payment to Terminated/Retired Staff		7,250.00	7,250.00	7,250.00	
Total Unallocated Benefits - Employee Benefits	<u>1,682,915.00</u>	<u>(201,963.00)</u>	<u>1,480,952.00</u>	<u>1,378,632.23</u>	<u>102,319.77</u>
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				507,375.00	(507,375.00)
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				327,702.00	(327,702.00)
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)				1,233.00	(1,233.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				254,264.18	(254,264.18)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090,574.18</u>	<u>(1,090,574.18)</u>
Total Personal Services - Employee Benefits	<u>1,682,915.00</u>	<u>(201,963.00)</u>	<u>1,480,952.00</u>	<u>2,469,206.41</u>	<u>(988,254.41)</u>
Total Undistributed Expenditures	<u>7,542,329.81</u>	<u>(3,051.00)</u>	<u>7,539,278.81</u>	<u>8,142,492.48</u>	<u>(603,213.67)</u>
Total General Current Expense	<u>10,938,472.65</u>	<u>(42,267.97)</u>	<u>10,896,204.68</u>	<u>11,179,884.14</u>	<u>(283,679.46)</u>
Equipment:					
Undistributed Expenditures:					
Undistributed Expenditures - General Admin.	17,900.00	(3,190.75)	14,709.25		14,709.25
Undistributed Expenditures - Central Serv.		24,400.00	24,400.00	24,400.00	
Undistributed Expenditures - Admin Info Tech		3,190.75	3,190.75	3,190.75	
Undist. Expend. - Security	100,000.00		100,000.00	99,204.96	795.04
Total Equipment	<u>117,900.00</u>	<u>24,400.00</u>	<u>142,300.00</u>	<u>126,795.71</u>	<u>15,504.29</u>
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	222,500.00	(9,500.00)	213,000.00	59,230.90	153,769.10
Construction Services	1,177,500.00	375,060.00	1,552,560.00	1,508,668.68	43,891.32
Assessment for Debt Service on SDA Funding	35,004.00		35,004.00	35,004.00	
Total Facilities Acquisition and Construction Services	<u>1,435,004.00</u>	<u>365,560.00</u>	<u>1,800,564.00</u>	<u>1,602,903.58</u>	<u>197,660.42</u>
Total Capital Outlay	<u>1,552,904.00</u>	<u>389,960.00</u>	<u>1,942,864.00</u>	<u>1,729,699.29</u>	<u>213,164.71</u>

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Transfer of Funds to Charter Schools	\$ 163,486.00	\$ 48,745.97	\$ 212,231.97	\$ 150,249.00	\$ 61,982.97
Total Expenditures	<u>12,654,862.65</u>	<u>396,438.00</u>	<u>13,051,300.65</u>	<u>13,059,832.43</u>	<u>(8,531.78)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,875,308.65)</u>	<u>(396,438.00)</u>	<u>(2,271,746.65)</u>	<u>(942,139.79)</u>	<u>1,329,606.86</u>
Other Financing Sources (Uses):					
Transfers - from Unemployment Fund				30,000.00	30,000.00
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000.00</u>	<u>30,000.00</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,875,308.65)</u>	<u>(396,438.00)</u>	<u>(2,271,746.65)</u>	<u>(912,139.79)</u>	<u>1,359,606.86</u>
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,673,122.34</u>	<u>4,673,122.34</u>
Fund Balances, June 30	<u>\$ (1,875,308.65)</u>	<u>\$ (396,438.00)</u>	<u>\$ (2,271,746.65)</u>	<u>\$ 3,760,982.55</u>	<u>\$ 6,032,729.20</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 85,000.00	
Capital Reserve				322,134.93	
Tuition Reserve:					
2016-17 - Designated for Subsequent Year's Expenditures				200,000.00	
Emergency Reserve				100,000.00	
Maintenance Reserve				125,000.00	
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				841,863.22	
Current Year				1,035,828.83	
Committed					
Assigned:					
Year-End Encumbrances				78,635.91	
Designated for Subsequent Year's Expenditures				128,004.78	
Unassigned				286,691.00	
				<u>3,760,982.55</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2018 Last State Aid Payments not Recognized on GAAP Basis				<u>(603,502.40)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,157,480.15</u>	

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources:					
Title I, Part A	\$ 339,227.50		\$ 339,227.50	\$ 311,486.42	\$ (27,741.08)
Title II, Part A	67,834.31		67,834.31	43,382.40	(24,451.91)
Title IV, Part A	10,000.00		10,000.00	7,407.38	(2,592.62)
I.D.E.A. Part B, Basic	129,289.00		129,289.00	129,289.00	
I.D.E.A. Part B, Preschool	3,139.00		3,139.00	3,139.00	
<b>Total - Federal Sources</b>	<b>549,489.81</b>	<b>-</b>	<b>549,489.81</b>	<b>494,704.20</b>	<b>(54,785.61)</b>
State Sources:					
Preschool Education Aid	106,209.00		106,209.00	106,209.00	
<b>Total - State Sources</b>	<b>106,209.00</b>	<b>-</b>	<b>106,209.00</b>	<b>106,209.00</b>	<b>-</b>
<b>Total Revenues</b>	<b>655,698.81</b>	<b>-</b>	<b>655,698.81</b>	<b>600,913.20</b>	<b>(54,785.61)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	248,620.00	\$ (8,000.00)	240,620.00	240,400.47	219.53
Purchased Professional and Technical Services	22,000.00		22,000.00	22,000.00	
Other Purchased Services (400-500 series)	132,428.00		132,428.00	132,428.00	
General Supplies	53,937.00	1,000.00	54,937.00	45,331.33	9,605.67
Other Objects	68.00		68.00		68.00
<b>Total Instruction</b>	<b>457,053.00</b>	<b>(7,000.00)</b>	<b>450,053.00</b>	<b>440,159.80</b>	<b>9,893.20</b>
Support Services:					
Salaries	52,292.62	(15,000.00)	37,292.62	20,067.84	17,224.78
Salaries of Secretarial and Clerical Assistants		10,500.00	10,500.00	10,488.15	11.85
Personnel Services - Employee Benefits	92,751.21	44,000.00	136,751.21	117,396.62	19,354.59
Purchased Professional and Technical Services	37,781.88	(32,500.00)	5,281.88	1,428.79	3,853.09
Purchased Professional - Educational Services	15,820.10		15,820.10	11,372.00	4,448.10
<b>Total Support Services</b>	<b>198,645.81</b>	<b>7,000.00</b>	<b>205,645.81</b>	<b>160,753.40</b>	<b>44,892.41</b>
<b>Total Expenditures</b>	<b>655,698.81</b>	<b>-</b>	<b>655,698.81</b>	<b>600,913.20</b>	<b>54,785.61</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 Budgetary Comparison Schedule  
 Note to Required Supplementary Information  
 For the Fiscal Year Ended June 30, 2018

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources / Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 12,117,692.64	\$ 600,913.20
Budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(163.04)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes, and State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(14,262.30)</u>	<u>(8,660.62)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 12,103,430.34</u>	<u>\$ 592,089.54</u>
<b>Uses / Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-series)	\$ 13,059,832.43	\$ 600,913.20
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(163.04)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 13,059,832.43</u>	<u>\$ 600,750.16</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**SCHEDULES RELATED TO ACCOUNTING  
AND REPORTING FOR PENSIONS**

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part III  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Five Plan Years

	<u>Measurement Date Ended June 30.</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0057389238%	0.0064557544%	0.0071451352%	0.0078618552%	0.0076870033%
School District's Proportionate Share of the Net Pension Liability	\$ 1,335,930.00	\$ 1,912,009.00	\$ 1,603,940.00	\$ 1,471,954.00	\$ 1,469,139.00
School District's Covered Payroll (Plan Measurement Period)	\$ 409,736.00	\$ 466,980.00	\$ 509,880.00	\$ 547,948.00	\$ 548,980.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	326.05%	409.44%	314.57%	268.63%	267.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part III  
 Schedule of the School District's Contributions  
 Public Employees' Retirement System (PERS)  
 Last Five Fiscal Years

	<u>Fiscal Year Ended June 30,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 55,614.00	\$ 53,165.00	\$ 57,352.00	\$ 61,429.00	\$ 64,812.00
Contributions in relation to the Contractually Required Contribution	<u>(55,614.00)</u>	<u>(53,165.00)</u>	<u>(57,352.00)</u>	<u>(61,429.00)</u>	<u>(64,812.00)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
School District's Covered Payroll (Fiscal Year)	\$ 384,723.00	\$ 377,234.00	\$ 395,592.00	\$ 463,393.00	\$ 459,303.00
Contributions as a Percentage of School District's Covered Payroll	14.46%	14.09%	14.50%	13.26%	14.11%

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

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part III  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Five Plan Years

	<u>Measurement Date Ended June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability associated with the School District	<u>\$ 20,381,989.00</u>	<u>\$ 25,317,979.00</u>	<u>\$ 21,584,095.00</u>	<u>\$ 18,182,444.00</u>	<u>\$ 17,452,316.00</u>
	<u>\$ 20,381,989.00</u>	<u>\$ 25,317,979.00</u>	<u>\$ 21,584,095.00</u>	<u>\$ 18,182,444.00</u>	<u>\$ 17,452,316.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 4,010,992.00	\$ 3,654,788.00	\$ 3,813,492.00	\$ 3,912,944.00	\$ 3,833,004.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	508.15%	692.73%	565.99%	464.67%	455.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

**CLEMENTON SCHOOL DISTRICT**  
Required Supplementary Information - Part III  
Schedule of the School District's Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last Ten Fiscal Years

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

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

**CLEMENTON SCHOOL DISTRICT**  
Required Supplementary Information - Part III  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2018

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Public Employees' Retirement System (PERS)

*Changes in Benefit Terms* - None

*Changes in Assumptions* - For 2017, the discount rate changed to 4.25% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65% from 7.90%. Further, the demographic assumptions were revised to reflect those recommended on the basis of July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Teachers' Pension and Annuity Fund (TPAF)

*Changes in Benefit Terms* - None

*Changes in Assumptions* - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART IV**

**SCHEDULE RELATED TO ACCOUNTING  
AND REPORTING FOR POSTEMPLOYMENT BENEFITS**



**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part IV  
 Schedule of Changes in the School District's  
 Total OPEB Liability and Related Ratios  
 Last Plan Year

	Measurement Date Ended <u>June 30,</u>  <u>2017</u>
<hr/>	
<u>Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District</u>	
Changes for the Year:	
Service Cost	\$ 862,128.00
Interest Cost	739,138.00
Changes in Assumptions	(3,167,442.00)
Gross Benefit Payments	(538,409.00)
Member Contributions	<u>19,826.00</u>
Net Change in Total Non-Employer OPEB Liability	(2,084,759.00)
Total Non-Employer OPEB Liability - July 1	<u>25,330,002.00</u>
Total Non-Employer OPEB Liability - June 30	<u><u>\$ 23,245,243.00</u></u>
School District's Covered Payroll (Plan Measurement Period)	<u><u>\$ 3,790,590.00</u></u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	613.24%

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

**CLEMENTON SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part IV  
For the Fiscal Year Ended June 30, 2018

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Changes in Benefit Terms

None

Changes in Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**CLEMENTON SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2018

	<u>Every Student Succeeds Act (E.S.S.A.)</u>						
	Title I, Part A	Title II, Part A, Improving Teacher Quality	Title IV	I.D.E.A. Part B, Basic	I.D.E.A. Part B, Preschool	Preschool Education Aid	Total
<b>REVENUES:</b>							
Federal Sources	\$ 311,486.42	\$ 43,382.40	\$ 7,407.38	\$ 129,289.00	\$ 3,139.00		\$ 494,704.20
State Sources						\$ 106,209.00	106,209.00
<b>Total Revenues</b>	<b>311,486.42</b>	<b>43,382.40</b>	<b>7,407.38</b>	<b>129,289.00</b>	<b>3,139.00</b>	<b>106,209.00</b>	<b>600,913.20</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	172,791.71		1,828.76			65,780.00	240,400.47
Purchased Professional and Technical Services						22,000.00	22,000.00
Other Purchased Services (400-500 series)				129,289.00	3,139.00		132,428.00
General Supplies	6,449.31	32,010.40	5,578.62			1,293.00	45,331.33
<b>Total Instruction</b>	<b>179,241.02</b>	<b>32,010.40</b>	<b>7,407.38</b>	<b>129,289.00</b>	<b>3,139.00</b>	<b>89,073.00</b>	<b>440,159.80</b>
<b>Support Services:</b>							
Salaries	20,067.84						20,067.84
Salaries of Secretarial and Clerical Assistants	10,488.15						10,488.15
Personnel Services - Employee Benefits	100,260.62					17,136.00	117,396.62
Purchased Professional and Technical Services	1,428.79						1,428.79
Purchased Professional - Educational Services		11,372.00					11,372.00
<b>Total Support Services</b>	<b>132,245.40</b>	<b>11,372.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,136.00</b>	<b>160,753.40</b>
<b>Total Expenditures</b>	<b>311,486.42</b>	<b>43,382.40</b>	<b>7,407.38</b>	<b>129,289.00</b>	<b>3,139.00</b>	<b>106,209.00</b>	<b>600,913.20</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-

**CLEMENTON SCHOOL DISTRICT**  
Special Revenue Fund  
Schedule of Preschool Education Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2018

	<u>Original Budgeted</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 65,780.00		\$ 65,780.00	\$ 65,780.00	
Purchased Professional and Technical Services	22,000.00		22,000.00	22,000.00	
General Supplies	1,293.00		1,293.00	1,293.00	
Total Instruction	<u>89,073.00</u>	<u>-</u>	<u>89,073.00</u>	<u>89,073.00</u>	<u>-</u>
Support Services:					
Personnel Services - Employee Benefits	17,136.00		17,136.00	17,136.00	
Total Support Services	<u>17,136.00</u>	<u>-</u>	<u>17,136.00</u>	<u>17,136.00</u>	<u>-</u>
Total Expenditures	<u>\$ 106,209.00</u>	<u>-</u>	<u>\$ 106,209.00</u>	<u>\$ 106,209.00</u>	<u>-</u>

Calculation of Budget and Carryover

Total Revised 2017-18 Preschool Education Aid Allocation	\$ 104,916.00
Add: Actual Preschool Education Aid Carryover (June 30, 2017)	9,534.90
Budgeted Transfer from General Fund 2017-18	-
Canceled Prior Year Encumbrances	-
Total Preschool Education Aid Funds Available for 2017-18 Budget	114,450.90
Less: 2017-18 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(106,209.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2018	8,241.90
Add: June 30, 2018 Unexpended Preschool Education Aid	-
Less: 2017-18 Commissioner-approved Transfer to General Fund	-
2017-18 Carryover - Preschool Education Aid	<u>\$ 8,241.90</u>
2017-18 Preschool Education Aid Carryover Budgeted in 2018-19	<u>\$ 8,241.90</u>

**PROPRIETARY FUNDS**

**CLEMENTON SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Net Position  
June 30, 2018

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 51,964.97	\$ 223,416.53	\$ 275,381.50
Intergovernmental Accounts Receivable:			
Federal	12,455.65		12,455.65
Inventory:			
Food	6,123.82		6,123.82
Supplies	360.06		360.06
Total Current Assets	<u>70,904.50</u>	<u>223,416.53</u>	<u>294,321.03</u>
Noncurrent Assets:			
Capital Assets:			
Machinery and Equipment	149,489.00		149,489.00
Less: Accumulated Depreciation	<u>(115,384.00)</u>		<u>(115,384.00)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>34,105.00</u>	<u>-</u>	<u>34,105.00</u>
Total Noncurrent Assets	<u>34,105.00</u>	<u>-</u>	<u>34,105.00</u>
Total Assets	<u>105,009.50</u>	<u>223,416.53</u>	<u>328,426.03</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Accounts Payable:			
General Fund		2,978.66	2,978.66
Unearned Revenue	5,256.59	170.00	5,426.59
Total Current Liabilities	<u>5,256.59</u>	<u>3,148.66</u>	<u>8,405.25</u>
Total Liabilities	<u>5,256.59</u>	<u>3,148.66</u>	<u>8,405.25</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	34,105.00		34,105.00
Unrestricted	<u>65,647.91</u>	<u>220,267.87</u>	<u>285,915.78</u>
Total Net Position	<u>\$ 99,752.91</u>	<u>\$ 220,267.87</u>	<u>\$ 320,020.78</u>



**CLEMENTON SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 39,038.85		\$ 39,038.85
Daily Sales - Non-Reimbursable Programs	21,863.88		21,863.88
Special Functions	448.61		448.61
Tuition and Fees		\$ 131,460.66	131,460.66
Miscellaneous	31.08		31.08
	<u>61,382.42</u>	<u>131,460.66</u>	<u>192,843.08</u>
Total Operating Revenues	<u>61,382.42</u>	<u>131,460.66</u>	<u>192,843.08</u>
<b>OPERATING EXPENSES:</b>			
Food Service Management Company Salaries	84,017.88		84,017.88
Personnel Services - Salaries		53,478.92	53,478.92
Food Service Management Company Employee Benefits	36,626.54		36,626.54
Personnel Services - Employee Benefits		4,091.14	4,091.14
Purchased Professional and Technical Services	6,074.05		6,074.05
Other Purchased Services	19,623.45	86.14	19,709.59
Supplies and Materials	6,644.94	2,869.08	9,514.02
Depreciation	8,475.00		8,475.00
Cost of Sales:			
Reimbursable Program	69,329.60		69,329.60
Non-Reimbursable Program	5,288.00		5,288.00
Miscellaneous	272.07	2,201.22	2,473.29
	<u>236,351.53</u>	<u>62,726.50</u>	<u>299,078.03</u>
Total Operating Expenses	<u>236,351.53</u>	<u>62,726.50</u>	<u>299,078.03</u>
Operating Income (Loss)	<u>(174,969.11)</u>	<u>68,734.16</u>	<u>(106,234.95)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	2,487.05		2,487.05
Federal Sources:			
National School Breakfast Program	27,038.86		27,038.86
National School Lunch Program	125,574.70		125,574.70
Snacks	7,927.04		7,927.04
HHFKA - Performance Based	2,995.08		2,995.08
Food Distribution Program	12,257.14		12,257.14
Interest and Investment Revenue		228.72	228.72
	<u>178,279.87</u>	<u>228.72</u>	<u>178,508.59</u>
Total Nonoperating Revenues (Expenses)	<u>178,279.87</u>	<u>228.72</u>	<u>178,508.59</u>
Change in Net Position	3,310.76	68,962.88	72,273.64
Net Position, July 1	96,442.15	151,304.99	247,747.14
Net Position, June 30	<u>\$ 99,752.91</u>	<u>\$ 220,267.87</u>	<u>\$ 320,020.78</u>

**CLEMENTON SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers and Users	\$ 61,382.42	\$ 130,438.08	\$ 191,820.50
Payments to Suppliers	(230,441.42)	(5,156.44)	(235,597.86)
Payments to Employees		(54,941.58)	(54,941.58)
Payments for Employee Benefits		(4,203.03)	(4,203.03)
Net Cash Provided by (Used for) Operating Activities	<u>(169,059.00)</u>	<u>66,137.03</u>	<u>(102,921.97)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Federal Sources	171,928.02		171,928.02
State Sources	<u>2,584.70</u>		<u>2,584.70</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>174,512.72</u>	<u>-</u>	<u>174,512.72</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends Received		<u>228.72</u>	<u>228.72</u>
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>228.72</u>	<u>228.72</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,453.72	66,365.75	71,819.47
Cash and Cash Equivalents, July 1	<u>46,511.25</u>	<u>157,050.78</u>	<u>203,562.03</u>
Cash and Cash Equivalents, June 30	<u>\$ 51,964.97</u>	<u>\$ 223,416.53</u>	<u>\$ 275,381.50</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	\$ (174,969.11)	\$ 68,734.16	\$ (106,234.95)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	8,475.00		8,475.00
(Increase) Decrease in Inventories for Consumption	180.37		180.37
(Increase) Decrease in Inventories for Resale	(2,745.26)		(2,745.26)
Increase (Decrease) in Interfund Accounts Payable		(1,574.55)	(1,574.55)
Increase (Decrease) in Unearned Revenue		(1,022.58)	(1,022.58)
Total Adjustments	<u>5,910.11</u>	<u>(2,597.13)</u>	<u>3,312.98</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (169,059.00)</u>	<u>\$ 66,137.03</u>	<u>\$ (102,921.97)</u>

**FIDUCIARY FUNDS**

**CLEMENTON SCHOOL DISTRICT**  
Fiduciary Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2018

	Private-Purpose Trust Funds			Agency Funds		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust</u>	<u>Scholarship Fund</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 158,984.74	\$ 2,959.46	\$ 7,217.39	\$ 171,672.03	\$ 8,855.63	\$ 349,689.25
Intrafund Accounts Receivable: Payroll	5,393.17					5,393.17
Interfund Accounts Receivable: General Fund					0.12	0.12
<b>Total Assets</b>	<b>164,377.91</b>	<b>2,959.46</b>	<b>7,217.39</b>	<b>\$ 171,672.03</b>	<b>\$ 8,855.75</b>	<b>355,082.54</b>
<b>LIABILITIES:</b>						
Intrafund Accounts Payable: Unemployment Compensation Trust					\$ 5,393.17	5,393.17
Interfund Accounts Payable: General Fund	35,393.17			\$ 161,823.88		197,217.05
Payable to Student Groups				9,848.15		9,848.15
Payroll Deductions and Withholdings					3,462.58	3,462.58
<b>Total Liabilities</b>	<b>35,393.17</b>	<b>-</b>	<b>-</b>	<b>\$ 171,672.03</b>	<b>\$ 8,855.75</b>	<b>215,920.95</b>
<b>NET POSITION:</b>						
Held in Trust for Unemployment Claims and Other Purposes	<b>\$ 128,984.74</b>	<b>\$ 2,959.46</b>	<b>\$ 7,217.39</b>			<b>\$ 139,161.59</b>

**CLEMENTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2018

	<u>Private-Purpose Trust Funds</u>			<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust</u>	<u>Scholarship Fund</u>	
ADDITIONS:				
Contributions:				
Employee	\$ 7,966.86	\$ 5,110.00		\$ 13,076.86
Total Contributions	<u>7,966.86</u>	<u>5,110.00</u>	<u>-</u>	<u>13,076.86</u>
Investment Earnings:				
Interest and Dividends	163.17	3.00		166.17
Net Investment Earnings	<u>163.17</u>	<u>3.00</u>	<u>-</u>	<u>166.17</u>
Total Additions	<u>8,130.03</u>	<u>5,113.00</u>	<u>-</u>	<u>13,243.03</u>
DEDUCTIONS:				
Claims	5,393.17	5,284.00		10,677.17
Equity Transfer	<u>30,000.00</u>			<u>30,000.00</u>
Total Deductions	<u>35,393.17</u>	<u>5,284.00</u>	<u>-</u>	<u>40,677.17</u>
Change in Net Position	(27,263.14)	(171.00)	-	(27,434.14)
Net Position, July 1	<u>156,247.88</u>	<u>3,130.46</u>	\$ 7,217.39	<u>166,595.73</u>
Net Position, June 30	<u>\$ 128,984.74</u>	<u>\$ 2,959.46</u>	<u>\$ 7,217.39</u>	<u>\$ 139,161.59</u>

**CLEMENTON SCHOOL DISTRICT**  
Fiduciary Funds  
Student Activity Agency Fund Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2018

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	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Elementary School:				
Clementon Elementary School	<u>\$ 13,535.07</u>	<u>\$ 14,801.59</u>	<u>\$ 18,488.51</u>	<u>\$ 9,848.15</u>

**CLEMENTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll and Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 11,446.21	\$ 4,880,740.92	\$ 4,883,331.50	\$ 8,855.63
Interfund Accounts Receivable:				
General Fund		41,492.59	41,492.47	0.12
<b>Total Assets</b>	<u>\$ 11,446.21</u>	<u>\$ 4,922,233.51</u>	<u>\$ 4,924,823.97</u>	<u>\$ 8,855.75</u>
<b>LIABILITIES:</b>				
Intrafund Accounts Payable:				
Unemployment Compensation Trust		\$ 5,393.17		\$ 5,393.17
Flexible Benefits Trust		5,110.00	\$ 5,110.00	
Accrued Salaries and Wages		2,706,464.71	2,706,464.71	
Payroll Deductions and Withholdings	\$ 11,446.21	2,205,265.63	2,213,249.26	3,462.58
<b>Total Liabilities</b>	<u>\$ 11,446.21</u>	<u>\$ 4,922,233.51</u>	<u>\$ 4,924,823.97</u>	<u>\$ 8,855.75</u>

**LONG-TERM DEBT**



**CLEMENTON SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds, Series 2013	05/01/13	\$ 1,753,000.00	-	-	1.65%	\$ 449,000.00	\$ 449,000.00	-

**CLEMENTON SCHOOL DISTRICT**  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 456,409.00		\$ 456,409.00	\$ 456,409.00	
Total - Local Sources	456,409.00	-	456,409.00	456,409.00	-
Total Revenues	456,409.00	-	456,409.00	456,409.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	7,409.00		7,409.00	7,409.00	
Redemption of Principal	449,000.00		449,000.00	449,000.00	
Total Regular Debt Service	456,409.00	-	456,409.00	456,409.00	-
Total Expenditures	456,409.00	-	456,409.00	456,409.00	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, July 1	-	-	-	0.51	0.51
Fund Balance, June 30	-	-	-	\$ 0.51	\$ 0.51
Recapitulation:					
Restricted Fund Balance:					
For Subsequent Years' Expenditures				\$ 0.51	

## **STATISTICAL SECTION**

## **FINANCIAL TRENDS INFORMATION**

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

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014 *	2013	2012	2011	2010	2009
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 5,637,348.25	\$ 3,824,343.91	\$ 3,482,552.28	\$ 3,323,614.12	\$ 3,037,931.25	\$ 2,913,510.38	\$ 2,880,872.00	\$ 2,908,481.00	\$ 2,654,944.00	\$ 2,175,946.00
Restricted	2,709,827.49	3,427,861.70	2,871,048.01	2,439,948.99	1,801,261.39	1,696,504.64	1,791,768.00	1,278,322.00	1,569,554.00	2,000,616.00
Unrestricted (Deficit)	(1,333,780.07)	(1,154,633.92)	(1,790,250.71)	(1,950,556.20)	(1,935,272.61)	(610,570.45)	(521,393.21)	(688,122.00)	(881,117.00)	(641,971.00)
<b>Total Governmental Activities Net Position</b>	<b>\$ 7,013,395.67</b>	<b>\$ 6,097,571.69</b>	<b>\$ 4,563,349.58</b>	<b>\$ 3,813,006.91</b>	<b>\$ 2,903,920.03</b>	<b>\$ 3,999,444.57</b>	<b>\$ 4,151,246.79</b>	<b>\$ 3,498,681.00</b>	<b>\$ 3,343,381.00</b>	<b>\$ 3,534,591.00</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 34,105.00	\$ 42,580.00	\$ 39,957.00	\$ 47,705.00	\$ 55,521.00	\$ 63,407.00	\$ 71,291.00	\$ 79,175.00	\$ 87,061.00	\$ 94,943.00
Unrestricted	285,915.78	205,167.14	162,897.12	117,431.07	124,788.24	109,198.66	86,684.09	95,940.00	85,599.00	66,698.00
<b>Total Business-Type Activities Net Position</b>	<b>\$ 320,020.78</b>	<b>\$ 247,747.14</b>	<b>\$ 202,854.12</b>	<b>\$ 165,136.07</b>	<b>\$ 180,309.24</b>	<b>\$ 172,605.66</b>	<b>\$ 157,975.09</b>	<b>\$ 175,115.00</b>	<b>\$ 172,660.00</b>	<b>\$ 161,641.00</b>
<b>Government-Wide:</b>										
Net Investment in Capital Assets	\$ 5,671,453.25	\$ 3,866,923.91	\$ 3,522,509.28	\$ 3,371,319.12	\$ 3,093,452.25	\$ 2,976,917.38	\$ 2,952,163.00	\$ 2,987,656.00	\$ 2,742,005.00	\$ 2,270,889.00
Restricted	2,709,827.49	3,427,861.70	2,871,048.01	2,439,948.99	1,801,261.39	1,696,504.64	1,791,768.00	1,278,322.00	1,569,554.00	2,000,616.00
Unrestricted (Deficit)	(1,047,864.29)	(949,466.78)	(1,627,353.59)	(1,833,125.13)	(1,810,484.37)	(501,371.79)	(434,709.12)	(592,182.00)	(795,518.00)	(575,273.00)
<b>Total Government-Wide Net Position</b>	<b>\$ 7,333,416.45</b>	<b>\$ 6,345,318.83</b>	<b>\$ 4,766,203.70</b>	<b>\$ 3,978,142.98</b>	<b>\$ 3,084,229.27</b>	<b>\$ 4,172,050.23</b>	<b>\$ 4,309,221.88</b>	<b>\$ 3,673,796.00</b>	<b>\$ 3,516,041.00</b>	<b>\$ 3,696,232.00</b>

\* The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, was effective beginning with the fiscal year ended June 30, 2014.

Source: *Comprehensive Annual Financial Report Exhibit A-1.*

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015 *	2014	2013	2012	2011	2010	2009
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 2,992,142.08	\$ 3,017,969.92	\$ 2,854,815.19	\$ 2,821,858.53	\$ 2,845,950.63	\$ 2,889,736.57	\$ 2,300,491.00	\$ 2,880,613.00	\$ 3,138,592.00	\$ 2,790,857.00
Special Education	632,035.47	717,919.36	758,730.08	720,609.51	653,593.97	633,144.98	1,172,550.00	660,020.00	733,156.00	615,357.00
Other Special Instruction	54,295.19	7,921.49	31,795.67	82,410.57	76,755.00	1,000.00				
Other Instruction	42,993.84	41,031.02	42,687.21	36,370.18	39,002.15	34,531.68	32,534.00	31,908.00	34,720.00	44,588.00
<b>Support Services:</b>										
Tuition	3,177,266.96	2,991,727.96	3,329,269.36	3,363,785.42	3,731,577.35	3,795,588.99	3,709,226.00	3,728,817.00	3,771,456.00	3,552,263.00
Student and Instruction Related Services	964,116.34	999,211.81	838,316.18	812,623.24	782,578.79	806,058.08	830,822.00	842,179.00	865,119.00	776,704.00
Other Administrative Services	367,156.78	445,153.24	340,974.56	314,274.25	283,565.67	386,628.47	465,638.00	482,988.00	506,494.00	499,496.00
School Administrative Services	339,414.71	316,789.44	337,847.31	377,780.71	355,526.98	353,764.89	134,652.00	144,735.00	182,101.00	208,367.00
Plant Operations and Maintenance	467,719.20	451,146.25	487,696.41	461,712.18	519,051.17	517,495.86	437,070.00	466,227.00	470,756.00	874,254.00
Pupil Transportation	602,152.19	669,000.31	572,523.78	432,337.03	575,282.42	442,717.23	321,146.00	382,306.00	398,386.00	392,381.00
Personal Services - Employee Benefits	4,255,315.41	3,862,449.25	3,269,088.52	2,857,537.59	1,894,955.88	1,954,284.45	1,987,590.00	1,885,736.00	1,795,289.00	1,598,871.00
Transfer of Funds to Charter School	150,249.00	165,573.00	51,507.00	59,369.00	19,386.00	34,141.00				
Interest on Long-term Debt	15,982.71	26,656.13	33,659.89	40,561.02	51,735.35	86,173.01	131,850.00	124,126.00	137,813.00	158,189.00
Unallocated Depreciation and Amortization	34,022.02	30,225.71	33,210.28	29,585.11	29,354.50	29,109.40	40,254.00	47,021.00	40,544.00	41,653.00
<b>Total Governmental Activities Expenses</b>	<b>14,094,861.90</b>	<b>13,762,774.89</b>	<b>12,982,121.44</b>	<b>12,410,814.34</b>	<b>11,858,315.86</b>	<b>11,964,374.61</b>	<b>11,563,823.00</b>	<b>11,676,676.00</b>	<b>12,074,426.00</b>	<b>11,552,980.00</b>
<b>Business-Type Activities:</b>										
Food Service	236,351.53	243,719.71	234,792.20	237,690.00	246,356.61	255,227.12	246,040.00	235,821.00	236,857.00	249,731.00
Camp Clementon Community Education	62,726.50	67,660.28	67,410.28	77,906.70	44,167.83	45,508.40	69,873.00	79,399.00	85,355.00	80,943.00
<b>Total Business-Type Activities Expense</b>	<b>299,078.03</b>	<b>311,379.99</b>	<b>302,202.48</b>	<b>315,596.70</b>	<b>290,524.44</b>	<b>300,735.52</b>	<b>315,913.00</b>	<b>315,220.00</b>	<b>322,212.00</b>	<b>330,674.00</b>
<b>Total Government-Wide Expenses</b>	<b>\$ 14,393,939.93</b>	<b>\$ 14,074,154.88</b>	<b>\$ 13,284,323.92</b>	<b>\$ 12,726,411.04</b>	<b>\$ 12,148,840.30</b>	<b>\$ 12,265,110.13</b>	<b>\$ 11,879,736.00</b>	<b>\$ 11,991,896.00</b>	<b>\$ 12,396,638.00</b>	<b>\$ 11,883,654.00</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 75,125.00	\$ 164,803.78	\$ 129,958.73	\$ 87,815.55	\$ 80,870.39	\$ 1,324.00	\$ 12,516.00			
Operating Grants and Contributions	3,511,420.72	3,067,622.78	2,371,018.47	2,036,553.42	1,159,245.92	1,274,180.80	1,288,943.00	1,300,677.00	1,330,203.00	1,225,426.00
Capital Grants and Contributions				97,831.90						
<b>Total Governmental Activities Program Revenues</b>	<b>3,586,545.72</b>	<b>3,232,426.56</b>	<b>2,500,977.20</b>	<b>2,222,200.87</b>	<b>1,240,116.31</b>	<b>1,275,504.80</b>	<b>1,301,459.00</b>	<b>1,300,677.00</b>	<b>1,330,203.00</b>	<b>1,225,426.00</b>
<b>Business-Type Activities:</b>										
Charges for services:										
Food Service	61,382.42	57,967.44	56,797.56	51,291.50	58,527.87	67,379.42	61,727.00	69,567.00	77,298.00	85,475.00
Camp Clementon Community Education	131,460.66	118,672.79	102,073.80	71,178.07	68,476.54	75,654.24	58,153.00	64,603.00	88,156.00	108,461.00
Operating Grants and Contributions	178,279.87	179,632.78	181,049.17	177,952.77	171,000.64	172,113.86	178,613.00	183,026.00	167,560.00	155,275.00
<b>Total Business-Type Activities Program Revenues</b>	<b>371,122.95</b>	<b>356,273.01</b>	<b>339,920.53</b>	<b>300,422.34</b>	<b>298,005.05</b>	<b>315,147.52</b>	<b>298,493.00</b>	<b>317,196.00</b>	<b>333,014.00</b>	<b>349,211.00</b>
<b>Total Government-Wide Program Revenues</b>	<b>\$ 3,957,668.67</b>	<b>\$ 3,588,699.57</b>	<b>\$ 2,840,897.73</b>	<b>\$ 2,522,623.21</b>	<b>\$ 1,538,121.36</b>	<b>\$ 1,590,652.32</b>	<b>\$ 1,599,952.00</b>	<b>\$ 1,617,873.00</b>	<b>\$ 1,663,217.00</b>	<b>\$ 1,574,637.00</b>
<b>Net (Expense) / Revenue:</b>										
Governmental Activities	\$ (10,508,316.18)	\$ (10,530,348.33)	\$ (10,481,144.24)	\$ (10,188,613.47)	\$ (10,618,199.55)	\$ (10,688,869.81)	\$ (10,262,364.00)	\$ (10,375,999.00)	\$ (10,744,223.00)	\$ (10,327,554.00)
Business-Type Activities	72,044.92	44,893.02	37,718.05	(15,174.36)	7,480.61	14,412.00	(17,420.00)	1,976.00	10,802.00	18,537.00
<b>Total Government-Wide Net Expense</b>	<b>\$ (10,436,271.26)</b>	<b>\$ (10,485,455.31)</b>	<b>\$ (10,443,426.19)</b>	<b>\$ (10,203,787.83)</b>	<b>\$ (10,610,718.94)</b>	<b>\$ (10,674,457.81)</b>	<b>\$ (10,279,784.00)</b>	<b>\$ (10,374,023.00)</b>	<b>\$ (10,733,421.00)</b>	<b>\$ (10,309,017.00)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Activities:</b>										
Property Taxes, Levied for General Purposes	\$ 4,200,789.00	\$ 4,159,197.03	\$ 4,118,079.04	\$ 4,076,653.00	\$ 3,997,359.00	\$ 3,918,979.00	\$ 3,842,137.00	\$ 3,767,070.00	\$ 3,622,183.00	\$ 3,636,393.00
Property Taxes, Levied for Debt Service	456,409.00	446,537.01	432,389.00	445,380.01	328,678.00	335,512.00	280,880.00	330,079.00	328,214.00	253,451.00
Federal and State Aid - Unrestricted	6,462,178.70	6,497,913.76	6,450,408.88	6,518,714.99	6,431,998.98	6,303,600.34	6,522,611.00	6,222,122.00	6,294,023.00	6,023,958.00
Federal and State Aid - Restricted					97,195.50	84,966.42			144,418.00	
Interest and Investment Earnings - Unrestricted	12,283.79	6,276.89		1.27	7,243.76	10,695.10	1,396.00	2,877.00	844.00	638.00
Interest and Investment Earnings - Restricted	1,368.14			1.15	1,352.37	1,163.76				
Miscellaneous	261,111.53	955,244.75	230,609.99	56,949.93	127,986.40	82,759.97	169,958.00	209,151.00	163,331.00	318,015.00
Gain (Loss) on Disposal of Capital Assets		(599.00)		(4,805.00)			(79,175.00)			(8,899.00)
Transfers	30,000.00									
<b>Total Governmental Activities</b>	<b>11,424,140.16</b>	<b>12,064,570.44</b>	<b>11,231,486.91</b>	<b>11,092,895.35</b>	<b>10,991,814.01</b>	<b>10,737,676.59</b>	<b>10,747,007.00</b>	<b>10,531,299.00</b>	<b>10,553,013.00</b>	<b>10,223,556.00</b>

(Continued)

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015 *	2014	2013	2012	2011	2010	2009
<b>General Revenues and Other Changes in Net Position (Cont'd):</b>										
<b>Business-Type Activities:</b>										
Interest and Investment Earnings - Unrestricted Transfers	\$ 228.72			\$ 1.19	\$ 222.97	\$ 218.57	\$ 278.00	\$ 479.00	\$ 217.00	\$ 317.00
Total Business-Type Activities	<u>228.72</u>	<u>-</u>	<u>-</u>	<u>1.19</u>	<u>222.97</u>	<u>218.57</u>	<u>278.00</u>	<u>479.00</u>	<u>217.00</u>	<u>9,216.00</u>
Total Government-Wide	<u>\$ 11,424,368.88</u>	<u>\$ 12,064,570.44</u>	<u>\$ 11,231,486.91</u>	<u>\$ 11,092,896.54</u>	<u>\$ 10,992,036.98</u>	<u>\$ 10,737,895.16</u>	<u>\$ 10,747,285.00</u>	<u>\$ 10,531,778.00</u>	<u>\$ 10,553,230.00</u>	<u>\$ 10,232,772.00</u>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 915,823.98	\$ 1,534,222.11	\$ 750,342.67	\$ 904,281.88	\$ 373,614.46	\$ 48,806.78	\$ 484,643.00	\$ 155,300.00	\$ (191,210.00)	\$ (103,998.00)
Business-Type Activities	<u>72,273.64</u>	<u>44,893.02</u>	<u>37,718.05</u>	<u>(15,173.17)</u>	<u>7,703.58</u>	<u>14,630.57</u>	<u>(17,142.00)</u>	<u>2,455.00</u>	<u>11,019.00</u>	<u>27,753.00</u>
Total Government-Wide	<u>\$ 988,097.62</u>	<u>\$ 1,579,115.13</u>	<u>\$ 788,060.72</u>	<u>\$ 889,108.71</u>	<u>\$ 381,318.04</u>	<u>\$ 63,437.35</u>	<u>\$ 467,501.00</u>	<u>\$ 157,755.00</u>	<u>\$ (180,191.00)</u>	<u>\$ (76,245.00)</u>

\* The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, was effective beginning with the fiscal year ended June 30, 2015.

Source: *Comprehensive Annual Financial Report Exhibit A-2.*

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Restricted	\$ 2,709,826.98	\$ 3,427,861.19	\$ 2,871,047.51	\$ 2,426,498.09	\$ 1,741,447.40	\$ 1,686,744.27	\$ 1,410,581.00	\$ 824,913.00	\$ 389,681.00	\$ 1,124,611.00
Committed	557,823.88	836,442.68								
Assigned	206,640.69	120,077.47	313,617.70	111,248.56	205,348.28	109,771.39	372,080.00	401,491.00	899,919.00	511,029.00
Unassigned (Deficit)	(316,811.40)	(300,499.10)	(325,882.70)	(288,099.70)	(340,671.00)	(341,800.43)	(316,459.90)	(181,792.00)	(337,284.00)	(148,714.00)
<b>Total General Fund</b>	<b>\$ 3,157,480.15</b>	<b>\$ 4,083,882.24</b>	<b>\$ 2,858,782.51</b>	<b>\$ 2,249,646.95</b>	<b>\$ 1,606,124.68</b>	<b>\$ 1,454,715.23</b>	<b>\$ 1,466,201.10</b>	<b>\$ 1,044,612.00</b>	<b>\$ 952,316.00</b>	<b>\$ 1,486,926.00</b>
All Other Governmental Funds:										
Restricted	\$ 0.51	\$ 0.51	\$ 0.50	\$ 13,450.90	\$ 59,813.99	\$ 9,760.37	\$ 9,107.11	\$ 51,918.00	\$ 289,258.00	\$ 364,976.00
Unassigned (Deficit)	(10,491.60)	(1,830.98)	(9,617.30)	(8,824.30)	(5,985.99)	(6,216.49)		(12,541.00)	(9,304.00)	
<b>Total All Other Governmental Funds</b>	<b>\$ (10,491.09)</b>	<b>\$ (1,830.47)</b>	<b>\$ (9,616.80)</b>	<b>\$ 4,626.60</b>	<b>\$ 53,828.00</b>	<b>\$ 3,543.88</b>	<b>\$ 9,107.11</b>	<b>\$ 39,377.00</b>	<b>\$ 279,954.00</b>	<b>\$ 364,976.00</b>

Source: Comprehensive Annual Financial Report Exhibit B-1.



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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>										
Local Tax Levy	\$ 4,657,198.00	\$ 4,605,734.04	\$ 4,550,468.04	\$ 4,522,033.01	\$ 4,326,037.00	\$ 4,254,491.00	\$ 4,132,017.00	\$ 4,097,149.00	\$ 3,950,397.00	\$ 3,889,844.00
Tuition Charges	75,125.00	164,803.78	129,958.73	87,815.55	80,870.39	1,324.00	12,516.00	85,115.00	99,547.00	
Interest Earned on Capital Reserve Funds	1,368.14			1.15	1,352.37	1,163.76				
Interest Earnings							1,396.00	2,877.00	844.00	638.00
Textbook Sales and Rentals						93,455.07				
Unrestricted Miscellaneous Revenues	273,395.32	961,521.64	230,609.99	61,756.20	135,230.16	428,749.49	169,958.00	124,036.00	63,784.00	318,015.00
Federal Sources	509,180.16	542,751.66	411,118.78	492,818.49	478,774.54	7,233,998.07	756,140.00	546,329.00	1,642,238.00	465,739.00
State Sources	7,635,662.26	7,460,515.88	7,350,083.57	7,366,521.82	7,209,665.86		7,055,614.00	6,976,470.00	6,126,406.00	6,785,025.00
<b>Total Revenue</b>	<b>13,151,928.88</b>	<b>13,735,327.00</b>	<b>12,672,239.11</b>	<b>12,530,946.22</b>	<b>12,231,930.32</b>	<b>12,013,181.39</b>	<b>12,127,641.00</b>	<b>11,831,976.00</b>	<b>11,883,216.00</b>	<b>11,459,261.00</b>
<b>Expenditures:</b>										
<b>Current:</b>										
<b>Instruction:</b>										
Regular Instruction	2,748,063.92	2,799,056.38	2,610,277.74	2,610,783.78	2,639,611.93	2,684,144.72	2,160,009.00	2,653,458.00	2,856,292.00	2,563,377.00
Special Education Instruction	632,035.47	717,919.36	751,033.10	719,759.08	650,525.95	636,778.17	1,172,550.00	660,020.00	733,156.00	615,357.00
Other Special Instruction	54,295.19	7,921.49	31,795.67	82,410.57	76,755.00	1,000.00				
Other Instruction	42,993.84	41,031.02	42,687.21	36,370.18	39,002.15	34,531.68	32,534.00	31,908.00	34,720.00	44,588.00
<b>Support Services and Undistributed Costs:</b>										
Tuition	3,177,266.96	2,991,727.96	3,329,269.36	3,363,785.42	3,731,577.35	3,795,588.99	3,709,226.00	3,728,817.00	3,771,456.00	3,552,263.00
Student and Instruction Related Services	964,116.34	999,211.81	838,316.18	812,623.24	782,578.79	806,058.08	830,822.00	842,179.00	865,119.00	776,704.00
Other Administrative Services	332,759.14	430,645.45	303,593.97	284,690.15	254,212.17	308,725.07	436,235.00	446,815.00	476,800.00	468,692.00
School Administrative Services	339,011.02	316,392.21	337,621.25	375,503.91	355,526.98	353,764.89	134,652.00	144,735.00	182,101.00	208,367.00
Plant Operations and Maintenance	433,789.61	423,361.12	453,776.54	429,840.52	442,831.69	455,390.30	407,667.00	405,861.00	441,062.00	502,179.00
Pupil Transportation	602,152.19	669,000.31	572,523.78	432,337.03	575,282.42	442,717.23	321,146.00	382,306.00	398,386.00	392,381.00
Personal Services - Employee Benefits	2,469,206.41	2,267,521.07	2,228,510.35	2,100,538.47	1,942,363.16	2,017,492.46	2,016,030.00	1,915,406.00	1,824,939.00	1,628,502.00
Capital Outlay	1,714,643.50	226,542.76	82,935.30	183,234.00	85,108.00	45,693.16	37,473.00	319,457.00	465,939.00	384,707.00
Transfer of Funds to Charter Schools	150,249.00	165,573.00	51,507.00	59,369.00	19,386.00	34,141.00	32,686.00			
<b>Debt Service:</b>										
Principal	449,000.00	432,000.00	422,000.00	417,000.00	393,000.00	345,000.00	330,000.00	320,000.00	310,000.00	290,000.00
Interest and Other Charges	7,409.00	14,537.00	21,499.50	23,380.00	42,475.16	100,857.50	115,292.00	129,295.00	142,878.00	155,620.00
<b>Total Expenditures</b>	<b>14,116,991.59</b>	<b>12,502,440.94</b>	<b>12,077,346.95</b>	<b>11,931,625.35</b>	<b>12,030,236.75</b>	<b>12,061,883.25</b>	<b>11,736,322.00</b>	<b>11,980,257.00</b>	<b>12,502,848.00</b>	<b>11,582,737.00</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(965,062.71)</b>	<b>1,232,886.06</b>	<b>594,892.16</b>	<b>599,320.87</b>	<b>201,693.57</b>	<b>(48,701.86)</b>	<b>391,319.00</b>	<b>(148,281.00)</b>	<b>(619,632.00)</b>	<b>(123,476.00)</b>
<b>Other Financing Sources (Uses):</b>										
State Aid Cancelled										(1,380.00)
Proceeds of Refunding Bonds						1,753,000.00				
Payment to Refunded Bond Escrow Agent						(1,721,347.24)				
Transfers In	30,000.00		(2,339.90)		66,708.00		9,126.00	570.00	145,996.00	3,865.00
Transfers Outs			2,339.90		(66,708.00)		(9,126.00)	(570.00)	(145,996.00)	(12,764.00)
<b>Total Other Financing Sources (Uses)</b>	<b>30,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,652.76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,279.00)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (935,062.71)</b>	<b>\$ 1,232,886.06</b>	<b>\$ 594,892.16</b>	<b>\$ 599,320.87</b>	<b>\$ 201,693.57</b>	<b>\$ (17,049.10)</b>	<b>\$ 391,319.00</b>	<b>\$ (148,281.00)</b>	<b>\$ (619,632.00)</b>	<b>\$ (133,755.00)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>3.7%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.8%</b>	<b>3.9%</b>	<b>3.8%</b>	<b>4.0%</b>

Source: Comprehensive Annual Financial Report Exhibit B-2.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Book Fine				\$ 109.00						
Cancellation of Accrued Wages			\$ 139,001.24							
Dissolution Asset Settlement										\$ 188,710.00
E-Rate Reimbursements	\$ 14,858.31	\$ 56,536.68	25,175.69	12,368.09	\$ 15,590.62	\$ 21,053.94	\$ 21,450.00	\$ 3,977.00		521.00
Endowment Donation		840,442.68								
Insurance Reimbursements / Surplus				7,227.00		6,170.00				
Interest on Investments	12,283.79	6,276.89		1.27	7,243.76	10,695.10	15,816.00	21,807.00	\$ 9,242.00	19,191.00
Miscellaneous	3,529.31	33.60	927.09	225.50	1,818.79	3,231.08	13,412.00	4,342.00		9,333.00
Refunds	3,990.17	1,527.00	10,216.10	9,981.44	1,829.08	6,494.28	35,001.00	50,547.00	5,278.00	9,895.00
Rent						4,400.00				
Refund of Prior Year's Expenditures	218,971.49	32,809.07	10,086.54	5,000.00	36,173.81	14,370.67				
Solar Renewable Energy Credits	19,762.25	23,895.72	37,061.68	22,038.90	26,462.50	27,040.00	85,675.00	46,240.00	50,108.00	24,660.00
Tuition			8,141.65		46,111.60		12,516.00	85,115.00	99,547.00	66,343.00
	<u>\$ 273,395.32</u>	<u>\$ 961,521.64</u>	<u>\$ 230,609.99</u>	<u>\$ 56,951.20</u>	<u>\$ 135,230.16</u>	<u>\$ 93,455.07</u>	<u>\$ 183,870.00</u>	<u>\$ 212,028.00</u>	<u>\$ 164,175.00</u>	<u>\$ 318,653.00</u>

Source: School District records.

## **REVENUE CAPACITY INFORMATION**

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

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

Year Ended Dec. 31	Vacant Land	Residential	Farm	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities <sup>(1)</sup>	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>(2)</sup>
2018	\$ 4,385,900.00	\$ 194,608,100.00	\$ 160,600.00	\$ 6,300.00	\$ 33,734,900.00	\$ 15,709,300.00	\$ 248,605,100.00	-	\$ 248,605,100.00	\$ 31,147,100.00	\$ 250,906,664.00	\$ 1.798
2017	5,410,700.00	216,159,900.00	179,500.00	6,000.00	36,902,600.00	14,435,000.00	273,093,700.00	-	273,093,700.00	40,491,100.00	248,107,958.00	1.695
2016	5,307,700.00	218,920,200.00	179,500.00	6,000.00	41,833,000.00	14,435,000.00	280,681,400.00	-	280,681,400.00	37,170,200.00	259,589,006.00	1.631
2015	4,691,700.00	219,444,600.00	179,500.00	6,000.00	41,939,500.00	14,435,000.00	280,696,300.00	-	280,696,300.00	37,092,300.00	238,590,125.00	1.616
2014	4,922,100.00	223,676,400.00	179,500.00	6,000.00	42,682,500.00	14,619,800.00	286,086,300.00	-	286,086,300.00	37,099,100.00	269,191,207.76	1.546
2013	4,505,400.00	224,319,000.00	179,500.00	6,000.00	44,053,800.00	14,619,800.00	287,683,500.00	\$ 495,251.00	288,178,751.00	38,090,800.00	281,392,416.00	1.488
2012	4,490,900.00	225,130,300.00	179,500.00	6,000.00	44,091,900.00	14,619,800.00	288,518,400.00	530,077.00	289,048,477.00	37,487,500.00	278,685,548.00	1.450
2011 <sup>(1)</sup>	4,478,000.00	225,381,800.00	179,500.00	6,000.00	44,198,200.00	14,619,800.00	288,863,300.00	552,147.00	289,415,447.00	37,683,100.00	291,064,564.00	1.421
2010	3,054,000.00	136,021,730.00	103,100.00	3,600.00	25,652,300.00	7,536,100.00	172,370,830.00	392,444.00	172,763,274.00	25,792,800.00	297,371,722.00	2.329
2009	3,074,300.00	135,825,680.00	103,100.00	3,600.00	25,652,300.00	7,536,100.00	172,195,080.00	413,095.00	172,608,175.00	25,694,500.00	291,476,778.00	2.271

<sup>(1)</sup> revaluation

<sup>(1)</sup> taxable value of communication equipment.

<sup>(2)</sup> tax rates are per \$100.00 of assessed valuation.

\* information not available.

Source: Camden County Board of Taxation.

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

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Year Ended <u>Dec. 31</u>	<u>School District Direct Rate</u>			<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Borough of Clementon</u>	<u>Camden County</u>	
2018	\$ 1.706	\$ 0.092	\$ 1.798	\$ 1.597	\$ 0.901	\$ 4.296
2017	1.530	0.165	1.695	1.408	0.775	3.878
2016	1.474	0.157	1.631	1.292	0.814	3.737
2015	1.460	0.156	1.616	1.279	0.745	3.640
2014	1.411	0.135	1.546	1.263	0.803	3.612
2013	1.374	0.115	1.488	1.194	0.814	3.496
2012	1.343	0.108	1.450	1.152	0.744	3.346
2011 <sup>(r)</sup>	1.315	0.106	1.421	1.101	0.717	3.239
2010	2.139	0.191	2.329	1.724	1.121	5.174
2009	2.103	0.168	2.271	1.646	1.048	4.965

<sup>(r)</sup> revaluation

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Source: Municipal Tax Collector.

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

<u>Taxpayer</u>	2018			2009		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Silver Lake Manor LLC	\$ 7,277,800.00	1	2.93%	\$ 4,180,700.00	2	2.42%
Clementon Lake Holding LLC	4,330,900.00	2	1.74%			
Chestnut Arm Realty LLC	4,261,200.00	3	1.71%	1,785,000.00	4	1.03%
Medici LLC	3,264,600.00	4	1.31%	2,098,800.00	3	1.22%
First Northern Star	2,100,600.00	5	0.84%	1,100,000.00	7	0.64%
Daniel G. Kamin White Horse Pike LLC	1,865,100.00	6	0.75%	1,002,000.00	9	0.58%
Clementon Equities LLC	1,860,500.00	7	0.75%	1,200,000.00	6	0.70%
Three-B Sac Self Storage Limited	1,736,000.00	8	0.70%	1,423,900.00	5	0.82%
Clementon Norse LLC	1,600,100.00	9	0.64%	868,000.00	10	0.50%
Mt. Carmel Land Co.	612,000.00	10	0.25%			
Clementon Lake Amusement Park				4,512,700.00	1	2.61%
ADG Real Estate				1,010,800.00	8	0.59%
<b>Total</b>	<b>\$ 28,908,800.00</b>		<b>11.63%</b>	<b>\$ 19,181,900.00</b>		<b>11.11%</b>

Source: Municipal Tax Assessor.

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

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Fiscal Year Ended <u>June 30.</u>	School District Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the <u>the Levy</u> <sup>(1)</sup>		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	Percentage <u>of Levy</u>	
2018	\$ 4,657,198.00	\$ 4,657,198.00	100.00%	
2017	4,605,734.04	4,605,734.04	100.00%	
2016	4,550,468.04	4,550,468.04	100.00%	
2015	4,522,033.01	4,522,033.01	100.00%	
2014	4,326,037.00	3,965,533.88	91.67%	\$ 360,503.12
2013	4,254,491.00	3,899,950.09	91.67%	354,540.91
2012	4,132,017.00	3,443,347.50	83.33%	688,669.50
2011	4,097,149.00	4,097,149.00	100.00%	
2010	3,950,397.00	3,950,397.00	100.00%	
2009	3,889,844.00	3,889,844.00	100.00%	

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

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Source: School District records.

## **DEBT CAPACITY INFORMATION**

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



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

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Fiscal Year Ended <u>June 30.</u>	<u>Governmental Activities</u>		Total <u>School District</u>	Percentage of Personal <u>Income</u> <sup>(3)</sup>	<u>Per Capita</u> <sup>(4)</sup>
	General Obligation <u>Bonds</u> <sup>(1)</sup>	Business-Type <u>Activities</u> <sup>(2)</sup>			
2018	-	-	-	*	*
2017	\$ 449,000.00	-	\$ 449,000.00	*	\$ 90.54
2016	881,000.00	-	881,000.00	0.36%	178.67
2015	1,303,000.00	-	1,303,000.00	0.55%	264.68
2014	1,720,000.00	-	1,720,000.00	0.76%	349.10
2013	2,113,000.00	-	2,113,000.00	0.96%	427.65
2012	2,358,000.00	-	2,358,000.00	1.07%	475.31
2011	2,688,000.00	-	2,688,000.00	1.24%	541.72
2010	3,008,000.00	-	3,008,000.00	1.46%	605.23
2009	3,318,000.00	-	3,318,000.00	1.65%	678.25

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Sources:

<sup>(1)</sup> School District records.

<sup>(2)</sup> No outstanding debt exists for business-type activities.

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

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

\* information not available.

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

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Fiscal Year Ended <u>June 30.</u>	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation <u>Taxable</u> <sup>(2)</sup>	<u>Per Capita</u> <sup>(3)</sup>
	General Obligation <u>Bonds</u>	<u>Deductions</u>	Net General Bonded Debt Outstanding <sup>(1)</sup>		
2018	-	-	-	-	*
2017	\$ 449,000.00	-	\$ 449,000.00	0.16%	\$ 90.54
2016	881,000.00	-	881,000.00	0.31%	178.67
2015	1,303,000.00	-	1,303,000.00	0.46%	264.68
2014	1,720,000.00	-	1,720,000.00	0.60%	349.10
2013	2,113,000.00	-	2,113,000.00	0.73%	427.65
2012	2,358,000.00	-	2,358,000.00	0.82%	475.31
2011	2,688,000.00	-	2,688,000.00	0.93%	541.72
2010	3,008,000.00	-	3,008,000.00	1.74%	605.23
2009	3,318,000.00	-	3,318,000.00	1.92%	678.25

---

Sources:

<sup>(1)</sup> School District records.

<sup>(2)</sup> Net Assessed Valuation provided by Abstract of Retables, County Board of Taxation.

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

\* information not available.

**CLEMENTON SCHOOL DISTRICT**  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2017  
*Unaudited*

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Clementon Borough</u>
Municipal Debt: <sup>(1)</sup>				
Clementon School District	\$ 449,000.00	\$ 449,000.00		
Self-Liquidating Purposes	2,898,683.09	2,898,683.09		
Municipal / County General Obligations	<u>4,515,119.70</u>	<u>249,785.09</u>	\$ 4,265,334.61	\$ 4,265,334.61
	<u>7,862,802.79</u>	<u>3,597,468.18</u>	<u>4,265,334.61</u>	<u>4,265,334.61</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: <sup>(2)</sup>				
General:				
Bonds	36,125,000.00	8,342,385.00 <sup>(3)</sup>	27,782,615.00	183,598.78 <sup>(5)</sup>
Notes	35,461,125.00		35,461,125.00	234,341.49
Loan Agreements	314,966,900.00		314,966,900.00	2,081,428.92 <sup>(5)</sup>
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>276,594,254.00</u>	<u>276,594,254.00</u> <sup>(4)</sup>		
	<u>663,147,279.00</u>	<u>284,936,639.00</u>	<u>378,210,640.00</u>	<u>2,499,369.19</u>
	<u>\$ 671,010,081.79</u>	<u>\$ 288,534,107.18</u>	<u>\$ 382,475,974.61</u>	<u>\$ 6,764,703.80</u>

## Sources:

<sup>(1)</sup> 2017 Annual Debt Statement - Clementon Borough

<sup>(2)</sup> County of Camden

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

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

<sup>(5)</sup> Such debt is allocated as a proportion of the Borough's share of the total 2017 Equalized Value, which is .66%.  
The source for this computation was the 2017 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Calendar Year 2017:

Equalized Valuation Basis: <sup>(1)</sup>

2017	\$ 250,751,722.00
2016	253,987,331.00
2015	<u>258,730,113.00</u>
	[A] \$ <u>763,469,166.00</u>
Average equalized valuation of taxable property	[A/3] \$ <u>254,489,722.00</u>
Debt limit (4% of average equalization value) <sup>(2)</sup>	[B] \$ 10,179,588.88
Total Net Debt Applicable to Limit	[C] <u>-</u>
Legal Debt Margin	[B-C] \$ <u>10,179,588.88</u>

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 10,179,588.88	\$ 9,616,208.71	\$ 9,393,048.25	\$ 8,846,081.72	\$ 9,314,712.49	\$ 9,188,457.77	\$ 8,623,877.00	\$ 8,743,937.00	\$ 8,679,209.00	\$ 8,340,294.00
Total net debt applicable to limit <sup>(3)</sup>		<u>449,000.00</u>	<u>881,000.00</u>	<u>1,303,000.00</u>	<u>1,720,000.00</u>	<u>2,113,000.00</u>	<u>2,358,000.00</u>	<u>2,688,000.00</u>	<u>3,008,000.00</u>	<u>3,318,000.00</u>
Legal debt margin	<u>\$ 10,179,588.88</u>	<u>\$ 9,167,208.71</u>	<u>\$ 8,512,048.25</u>	<u>\$ 7,543,081.72</u>	<u>\$ 7,594,712.49</u>	<u>\$ 7,075,457.77</u>	<u>\$ 6,285,877.00</u>	<u>\$ 6,055,937.00</u>	<u>\$ 5,671,209.00</u>	<u>\$ 5,022,294.00</u>
Total net debt applicable to the limit as a percentage of debt limit	-	4.67%	9.38%	14.73%	18.47%	23.00%	27.34%	30.74%	34.66%	39.78%

Sources:

<sup>(1)</sup> 2017 Annual Debt Statement - Clementon Borough

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

<sup>(3)</sup> School District records.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

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

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Fiscal Year Ended <u>June 30,</u>	<u>Population</u> <sup>(1)</sup>		<u>Personal Income</u> <sup>(2)</sup>	<u>Per Capita Personal Income</u> <sup>(3)</sup>	<u>Unemployment Rate</u> <sup>(4)</sup>
2017	4,959		*	*	5.7%
2016	4,931	\$	243,551,952.00	\$ 49,392.00	6.2%
2015	4,923		237,017,835.00	48,145.00	8.8%
2014	4,927		227,602,765.00	46,195.00	10.3%
2013	4,941		221,129,514.00	44,754.00	9.0%
2012	4,961		219,395,264.00	44,224.00	17.3%
2011	4,962		216,199,302.00	43,571.00	17.1%
2010	4,970		206,558,170.00	41,561.00	17.4%
2009	4,892		201,374,288.00	41,164.00	16.6%
2008	4,895		69,229,985.00	14,143.00	10.9%

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*Sources:*

<sup>(1)</sup> *Annual Estimates of the Resident Population for Municipalities in New Jersey, by County: April 1, 2010 to July 1, 2017.*

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

<sup>(3)</sup> *Regional Economic Information System, Bureau of Economic Analysis, November 2017.*

<sup>(4)</sup> *New Jersey Department of Labor and Workforce Development - Unemployment Statistics - 2017.*

\* *information not available.*

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

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2018				2009		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>

*Source: Individual employers.*

Information regarding the ten principal non-governmental employers for 2018 and 2009 could not be accumulated by the School District as a result of not having a source from which to obtain such information.

## **OPERATING INFORMATION**

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



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

Function / Program	Fiscal Year Ended June 30,									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction:										
Regular Instruction	53	53	52	49	48	49	49	50	52	51
Support Services:										
Student and Instruction Related Services	11	11	11	15	17	18	18	18	15	18
School Administrative Services	3	3	3	3	3	3	3	3	3	4
General and Business Administrative Services	5	5	6	6	6	5	5	6	6	6
Plant Operations and Maintenance	5	5	4	4	4	4	4	3	4	4
Camp Clementon Community Education	5	5	5	6	6	6	8	12	12	11
Total	<u>82</u>	<u>82</u>	<u>81</u>	<u>83</u>	<u>84</u>	<u>85</u>	<u>87</u>	<u>92</u>	<u>92</u>	<u>94</u>

Source: School District records.

**CLEMENTON SCHOOL DISTRICT**  
Operating Statistics  
Last Ten Fiscal Years  
*Unaudited*

<u>Fiscal Year Ended June 30.</u>	<u>Enrollment</u>	<u>Operating Expenditures *</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (Certified)</u>	<u>Pupil / Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2018	445	\$ 11,795,690.09	\$ 26,507.17	1.13%	51	1:09	445.8	423.8	-0.01%	95.07%
2017	445	11,663,788.18	26,210.76	5.99%	51	1:09	445.8	423.8	-4.03%	95.07%
2016	465	11,499,405.15	24,729.90	-4.37%	50	1:07	464.5	438.2	7.20%	94.83%
2015	435	11,248,642.35	25,858.95	2.85%	49	1:12	433.3	409.2	-4.12%	94.44%
2014	457	11,490,267.59	25,142.82	2.00%	48	1:04	451.9	441.4	-1.20%	97.68%
2013	468	11,536,191.59	24,649.98	3.03%	49	1:04	457.4	449.9	0.29%	98.36%
2012	469	11,220,871.00	23,925.10	6.49%	49	1:04	456.1	443.1	-6.02%	97.15%
2011	499	11,211,505.00	22,467.95	-3.80%	52	1:05	485.3	468.9	-4.56%	96.62%
2010	496	11,584,031.00	23,354.90	10.34%	51	1:03	508.5	477.7	-0.88%	93.94%
2009	508	10,752,410.00	21,166.16	5.27%	50	1:03	513.0	481.5	-3.57%	93.86%

Sources: School District records.

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

**CLEMENTON SCHOOL DISTRICT**  
 School Building Information  
 Last Ten Fiscal Years  
*Unaudited*

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
School District Building:										
Elementary:										
Clementon Elementary School (1980)										
Square Feet	79,937	79,937	79,937	79,937	79,937	79,937	79,937	79,937	79,937	79,937
Functional Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	445	445	435	435	457	468	469	499	496	508
Other:										
Central Administration (1946)										
Square Feet	850	850	850	850	850	850	850	850	850	850
Functional Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-

Number of Schools at June 30, 2018  
 Elementary = 1

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

Source: School District records.

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

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		Fiscal Year Ended June 30,									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
* <u>School Facilities</u>	<u>Project # (s)</u>										
Clementon Elementary School	N/A	\$ 23,296.12	\$ 21,712.42	\$ 27,637.43	\$ 40,700.66	\$ 44,813.06	\$ 61,746.64	\$ 32,044.00	\$ 30,919.00	\$ 28,849.00	\$ 106,239.00
<b>Total School Facilities</b>		<u>\$ 23,296.12</u>	<u>\$ 21,712.42</u>	<u>\$ 27,637.43</u>	<u>\$ 40,700.66</u>	<u>\$ 44,813.06</u>	<u>\$ 61,746.64</u>	<u>\$ 32,044.00</u>	<u>\$ 30,919.00</u>	<u>\$ 28,849.00</u>	<u>\$ 106,239.00</u>

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

Source: School District records.

**CLEMENTON SCHOOL DISTRICT**  
 Insurance Schedule  
 June 30, 2018  
*Unaudited*

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	<u>Coverage</u>	<u>Self-Insured Retention</u>	<u>Deductible</u>
School Package Policy <sup>(1)</sup>			
Building and Contents (All Locations):			
Limits of Liability per Occurrence	\$ 150,000,000.00	\$ 250,000.00	\$ 500.00
General and Automobile Liability	20,000,000.00	250,000.00	
Workers' Compensation	Statutory	250,000.00	
Boiler and Machinery	125,000,000.00		1,000.00
Crime	500,000.00	250,000.00	500.00
Employers Liability	10,000,000.00		
Educators Legal Liability	20,000,000.00	250,000.00	
Pollution Liability	3,000,000.00		25,000.00
Cyber Liability	1,000,000.00		25,000.00
Surety Bonds <sup>(2)</sup>			
Treasurer	300,000.00		
Board Secretary	200,000.00		

<sup>(1)</sup> Burlington County Insurance Pool Joint Insurance Fund

<sup>(2)</sup> Selective Insurance Company

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Source: School District records.

**SINGLE AUDIT SECTION**

Exhibit K-2

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Sterling High School District  
Somerdale, New Jersey 08083

**Report on Compliance for Major State Program**

We have audited the Clementon School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the School District's major state program for the fiscal year ended June 30, 2018. The School District's major state program is 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the School District's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its state program. However, our audit does not provide a legal determination of the Clementon School District's, in the County of Camden, State of New Jersey, compliance.

***Basis for Qualified Opinion on State Aid - Public Cluster***

As described in the accompanying *Schedule of Findings and Questioned Costs* and in the *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, the Clementon School District, in the County of Camden, State of New Jersey, did not comply with requirements regarding GMIS numbers 495-034-5120-078, 495-034-5120-089, 495-034-5120-084, 495-034-5120-097, 495-034-5120-098, and 495-034-5120-101, all of which are part of the State Aid - Public Cluster, described in Finding No. 2018-001 for *Special Tests and Provisions*. Compliance with such requirements is necessary, in our opinion, for the Clementon School District, to comply with the requirements applicable to that program.

***Qualified Opinion on State Aid - Public Cluster***

In our opinion, except for the noncompliance described in the "*Basis for Qualified Opinion on State Aid - Public Cluster*" paragraph, the Clementon School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the State Aid - Public Cluster for the fiscal year ended June 30, 2018.

**Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as item Finding No. 2018-001, that we consider to be a material weakness.

The School District's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

*BOWMAN & COMPANY LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*L. Jarred Corn*

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

Voorhees, New Jersey  
February 28, 2019

**CLEMENTON SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2018

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30, 2017
					From	To	
General Fund:							
U.S. Department of Health and Human Services: Passed-through State Department of Education:							
Medical Assistance Program (Medicaid) Cluster	93.778	1705NJ5MAP	Unknown	\$ 14,639.00	07/01/17	06/30/18	
Total General Fund							-
Special Revenue Fund:							
U.S. Department of Education: Passed-through State Department of Education: N.C.L.B. / E.S.S.A.:							
Title I, Part A	84.010	S010A160030	NCLB088017	346,009.36	07/01/16	06/30/17	\$ (4,736.22)
Title I, Part A	84.010	S010A170030	NCLB088018	316,464.00	07/01/17	06/30/18	
Total Title I, Part A							(4,736.22)
Title II, Part A, Improving Teacher Quality	84.367	S367A160029	NCLB088017	63,467.31	07/01/16	06/30/17	34,332.09
Title II, Part A, Improving Teacher Quality	84.367	S367A170029	NCLB088018	34,066.00	07/01/17	06/30/18	
Total Title II, Part A, Improving Teacher Quality							34,332.09
Title IV, Part A	84.424	S424A180031	NCLB088018	10,000.00	07/01/17	06/30/18	
Total Title IV, Part A							-
Special Education Cluster (I.D.E.A. Part B):							
Basic	84.027	H027A160100	FT088017	156,767.00	07/01/16	06/30/17	(8,130.00)
Basic	84.027	H027A170100	FT088018	129,289.00	07/01/17	06/30/18	
Preschool	84.173	H173A160114	PS088017	6,098.00	07/01/16	06/30/17	(3,014.00)
Preschool	84.173	H173A170114	PS088018	3,139.00	07/01/17	06/30/18	
Total Special Education Cluster (I.D.E.A. Part B)							(11,144.00)
Total Special Revenue Fund							18,451.87
Enterprise Fund:							
U.S. Department of Agriculture: Passed-through State Department of Agriculture:							
Child Nutrition Cluster:							
School Breakfast Program	10.553	171NJ304N1099	Unknown	28,226.40	07/01/16	06/30/17	(1,159.14)
School Breakfast Program	10.553	181NJ304N1099	Unknown	27,038.86	07/01/17	06/30/18	
Food Distribution (Non-Cash Assistance)	10.555	171NJ304N1099	Unknown	12,257.14	07/01/17	06/30/18	3,000.92
National School Lunch Program	10.555	171NJ304N1099	Unknown	119,116.54	07/01/16	06/30/17	(4,748.18)
National School Lunch Program	10.555	181NJ304N1099	Unknown	125,574.70	07/01/17	06/30/18	
Snacks	10.555	171NJ304N1099	Unknown	7,364.18	07/01/16	06/30/17	(314.76)
Snacks	10.555	181NJ304N1099	Unknown	7,927.04	07/01/17	06/30/18	
HHFKA - Performance Based	10.555	171NJ304N1099	Unknown	2,888.34	07/01/16	06/30/17	(113.10)
HHFKA - Performance Based	10.555	181NJ304N1099	Unknown	2,995.08	07/01/17	06/30/18	
Total Child Nutrition Cluster							(3,334.26)
Total Enterprise Fund							(3,334.26)
Total Federal Financial Assistance							\$ 15,117.61

(a) see note 5 to the schedules of expenditures of federal awards and state financial assistance.

This schedule of expenditures of federal awards is included as other supplementary information only. A federal single audit in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was not required as total federal expenditures did not equal or exceed \$750,000.00.

The accompanying notes to financial statements and notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments <sup>(a)</sup>	Repayment of Prior Years' Balances	Balance June 30, 2018		
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 14,639.00	\$ (14,639.00)		\$ (14,639.00)						
-	14,639.00	(14,639.00)	-	(14,639.00)	-	-	-	-	-	-
	67,811.00	(63,074.78)		(63,074.78)						
	242,044.00	(248,411.64)		(248,411.64)			\$ (6,367.64)			
-	309,855.00	(311,486.42)	-	(311,486.42)	-	-	(6,367.64)	-	-	-
	1,395.00	(35,727.09)		(35,727.09)						
		(7,655.31)		(7,655.31)			(7,655.31)	-		
-	1,395.00	(43,382.40)	-	(43,382.40)	-	-	(7,655.31)	-	-	-
	6,558.00	(7,407.38)		(7,407.38)						
							(849.38)			
-	6,558.00	(7,407.38)	-	(7,407.38)	-	-	(849.38)	-	-	-
	8,130.00									
	110,284.00	(129,289.00)		(129,289.00)			(19,005.00)			
	3,084.00					\$ (70.00)				
	3,139.00	(3,139.00)		(3,139.00)						
-	124,637.00	(132,428.00)	-	(132,428.00)	-	(70.00)	(19,005.00)	-	-	-
-	442,445.00	(494,704.20)	-	(494,704.20)	-	(70.00)	(33,877.33)	-	-	-
	1,159.14									
	24,991.07	(27,038.86)		(27,038.86)			(2,047.79)			
	14,512.81	(12,257.14)		(12,257.14)				\$ 5,256.59		
	4,748.18									
	115,986.32	(125,574.70)		(125,574.70)			(9,588.38)			
	314.76									
	7,330.40	(7,927.04)		(7,927.04)			(596.64)			
	113.10									
	2,772.24	(2,995.08)		(2,995.08)			(222.84)			
	171,928.02	(175,792.82)		(175,792.82)			(12,455.65)	5,256.59		
-	171,928.02	(175,792.82)	-	(175,792.82)	-	-	(12,455.65)	5,256.59	-	-
-	\$ 629,012.02	\$ (685,136.02)	-	\$ (685,136.02)	-	\$ (70.00)	\$ (46,332.98)	\$ 5,256.59	-	-

**CLEMENTON SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2018

State Grantor / Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017			
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor	Cash Received	
General Fund:								
New Jersey Department of Education:								
Current Expense:								
State Aid - Public Cluster:								
Equalization Aid	495-034-5120-078	\$ 5,785,597.00	07/01/16	06/30/17	\$ (535,380.38)		\$ 535,380.38	
Equalization Aid	495-034-5120-078	5,793,075.00	07/01/17	06/30/18			5,244,671.28	
Categorical Special Education Aid	495-034-5120-089	371,383.00	07/01/16	06/30/17	(34,366.58)		34,366.58	
Categorical Special Education Aid	495-034-5120-089	371,383.00	07/01/17	06/30/18			336,225.88	
Categorical Security Aid	495-034-5120-084	135,485.00	07/01/16	06/30/17	(12,537.34)		12,537.34	
Categorical Security Aid	495-034-5120-084	135,485.00	07/01/17	06/30/18			122,659.26	
Per Pupil Growth Aid	495-034-5120-097	6,020.00	07/01/16	06/30/17	(557.07)		557.07	
Per Pupil Growth Aid	495-034-5120-097	6,020.00	07/01/17	06/30/18			5,450.11	
PARCC Readiness	495-034-5120-098	6,020.00	07/01/16	06/30/17	(557.07)		557.07	
PARCC Readiness	495-034-5120-098	6,020.00	07/01/17	06/30/18			5,450.11	
Professional Learning Community Aid	495-034-5120-101	5,390.00	07/01/16	06/30/17	(498.77)		498.77	
Professional Learning Community Aid	495-034-5120-101	5,390.00	07/01/17	06/30/18			4,879.75	
Total State Aid - Public Cluster					(583,897.21)	-	6,303,233.60	
Categorical Transportation Aid	495-034-5120-014	57,738.00	07/01/16	06/30/17	(5,342.89)		5,342.89	
Categorical Transportation Aid	495-034-5120-014	57,738.00	07/01/17	06/30/18			52,272.21	
Additional Nonpublic School Transportation Aid	495-034-5120-014	7,308.00	07/01/16	06/30/17	(7,308.00)		7,308.00	
Additional Nonpublic School Transportation Aid	495-034-5120-014	13,340.00	07/01/17	06/30/18				
Total Categorical Transportation Aid					(12,650.89)	-	64,923.10	
Extraordinary Aid	495-034-5120-044	81,433.00	07/01/16	06/30/17	(81,433.00)		81,433.00	
Extraordinary Aid	495-034-5120-044	73,351.00	07/01/17	06/30/18				
Total Extraordinary Aid					(81,433.00)	-	81,433.00	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	251,830.86	07/01/16	06/30/17	(1,047.35)		1,047.35	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	254,264.18	07/01/17	06/30/18			254,264.18	
Total Reimbursed TPAF Social Security Contributions					(1,047.35)	-	255,311.53	
Total General Fund					(679,028.45)	-	6,704,901.23	
Special Revenue Fund:								
New Jersey Department of Education:								
Preschool Education Aid	17-495-034-5120-086	113,659.00	07/01/16	06/30/17	(1,830.98)		11,365.90	
Preschool Education Aid	18-495-034-5120-086	104,916.00	07/01/17	06/30/18			94,424.40	
Total Special Revenue Fund					(1,830.98)	-	105,790.30	
Enterprise Fund:								
New Jersey Department of Agriculture:								
State School Lunch Program	17-100-010-3350-023	2,482.70	07/01/16	06/30/17	(97.65)		97.65	
State School Lunch Program	18-100-010-3350-023	2,487.05	07/01/17	06/30/18			2,487.05	
State School Lunch Program					(97.65)	-	2,584.70	
Total Enterprise Fund					(97.65)	-	2,584.70	
Total State Financial Assistance subject to Major Program Determination for State Single Audit					(680,957.08)	-	6,813,276.23	
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:								
General Fund (Non-Cash Assistance):								
New Jersey Department of the Treasury:								
On-behalf Contributions:								
T.P.A.F. Post-Retirement Medical	495-034-5094-001	327,702.00	07/01/17	06/30/18			327,702.00	
Teacher's Pension and Annuity Fund	495-034-5094-002	495,354.00	07/01/17	06/30/18			495,354.00	
T.P.A.F. Non-contributory Insurance	495-034-5094-004	12,021.00	07/01/17	06/30/18			12,021.00	
T.P.A.F. Long-Term Disability Insurance	495-034-5094-004	1,233.00	07/01/17	06/30/18			1,233.00	
Total General Fund Non-Cash Assistance					-	-	836,310.00	
Total State Financial Assistance					\$ (680,957.08)	-	\$ 7,649,586.23	

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

Total Budgetary Expenditures	Passed- Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018			(Memo Only)	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
\$ (5,793,075.00)				\$ (548,403.72)			\$ (548,403.72)	\$ (5,793,075.00)
(371,383.00)				(35,157.12)			(35,157.12)	(371,383.00)
(135,485.00)				(12,825.74)			(12,825.74)	(135,485.00)
(6,020.00)				(569.89)			(569.89)	(6,020.00)
(6,020.00)				(569.89)			(569.89)	(6,020.00)
(5,390.00)				(510.25)			(510.25)	(5,390.00)
(6,317,373.00)	-	-	-	(598,036.61)	-	-	(598,036.61)	(6,317,373.00)
(57,738.00)				(5,465.79)			(5,465.79)	(57,738.00)
(13,340.00)				(13,340.00)				(13,340.00)
(71,078.00)	-	-	-	(18,805.79)	-	-	(5,465.79)	(71,078.00)
(73,351.00)				(73,351.00)				(73,351.00)
(73,351.00)	-	-	-	(73,351.00)	-	-	-	(73,351.00)
(254,264.18)								(254,264.18)
(254,264.18)	-	-	-	-	-	-	-	(254,264.18)
(6,716,066.18)	-	-	-	(690,193.40)	-	-	(603,502.40)	(6,716,066.18)
(1,293.00)					\$ 8,241.92			(105,417.08)
(104,916.00)				(10,491.60)			(10,491.60)	(104,916.00)
(106,209.00)	-	-	-	(10,491.60)	8,241.92	-	(10,491.60)	(210,333.08)
(2,487.05)								(2,487.05)
(2,487.05)	-	-	-	-	-	-	-	(2,487.05)
(2,487.05)	-	-	-	-	-	-	-	(2,487.05)
(6,824,762.23)	-	-	-	(700,685.00)	8,241.92	-	(613,994.00)	(6,928,886.31)
(327,702.00)								(327,702.00)
(495,354.00)								(495,354.00)
(12,021.00)								(12,021.00)
(1,233.00)								(1,233.00)
(836,310.00)	-	-	-	-	-	-	-	(836,310.00)
\$ (7,661,072.23)	-	-	-	\$ (700,685.00)	\$ 8,241.92	-	\$ (613,994.00)	\$ (7,765,196.31)

**CLEMENTON SCHOOL DISTRICT**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2018

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**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Clementon School District (hereafter referred to as the “School District”). The School District is defined in note 1 to the School District’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The expenditures from the budgetary basis to the GAAP basis were the same for the special revenue fund. No such reconciling item exists for the general fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 14,639.00	\$ 7,552,376.18	\$ 7,567,015.18
Special Revenue	494,704.20	106,209.00	600,913.20
Food Service	175,792.82	2,487.05	178,279.87
Total Awards and Financial Assistance	<u>\$ 685,136.02</u>	<u>\$ 7,661,072.23</u>	<u>\$ 8,346,208.25</u>

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**Note 5: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" on the schedule of expenditures of federal awards represent a cancellation of balances of \$70.00.

**Note 6: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2018, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

**Note 7: MAJOR PROGRAMS**

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

CLEMENTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified? yes X none reported
Noncompliance material to financial statements noted? yes X no

Federal Awards (A Federal Single Audit was not required for the fiscal year ended June 30, 2018.)

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Type of auditor's report issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? yes no

Identification of major programs:

Table with 3 columns: CFDA Number(s), FAIN Number(s), Name of Federal Program or Cluster. Multiple rows for data entry.

Dollar threshold used to determine Type A programs \$
Auditee qualified as low-risk auditee? yes no



CLEMENTON SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2018

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

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified?  X  yes   no

Significant deficiency(ies) identified?   yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB?  X  yes   no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

\_\_\_\_\_

State Aid - Public Cluster: \_\_\_\_\_

495-034-5120-078

Equalization Aid \_\_\_\_\_

495-034-5120-089

Categorical Special Education Aid \_\_\_\_\_

495-034-5120-084

Categorical Security Aid \_\_\_\_\_

495-034-5120-097

Per Pupil Growth Aid \_\_\_\_\_

495-034-5120-098

PARCC Readiness \_\_\_\_\_

495-034-5120-101

Professional Learning Community Aid \_\_\_\_\_

Dollar threshold used to determine Type A programs \$   750,000.00

Auditee qualified as low-risk auditee?  X  yes   no

**CLEMENTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2018

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***Section 2- Schedule of Financial Statement Findings***

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

None.

**CLEMENTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2018

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

A Federal single audit was not required for the fiscal year ended June 30, 2018.

**CLEMENTON SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2018

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

**Finding No. 2018-001**

**Information on the State Program**

State Aid - Public Cluster: Equalization Aid (495-034-5120-078), Categorical Special Education Aid (495-034-5120-089), Categorical Security Aid (495-034-5120-084), Per Pupil Growth Aid (495-034-5120-097), PARCC Readiness (495-034-5120-098), and Professional Learning Community Aid (495-034-5120-101), New Jersey Department of Education.

**Criteria or Specific Requirement**

In accordance with N.J.S.A. 18A:18A-4, when the cost of any contract awarded by the school district exceeds the bid threshold, the board of education must publically advertise for and receive sealed bids in accordance with procedures set forth in Public Schools Contracts Law, N.J.S.A. 18A:18A-1 et seq. In addition, in accordance with N.J.S.A. 18A:18A-5, when a "Professional Services" contract or agreement is awarded it must be approved through a resolution.

**Condition**

The School District awarded three Pay-to-Play contracts and one professional service contract during the fiscal year ended June 30, 2018 in which the contracts were not awarded in the minutes and the Chapter 271 forms were not obtained in accordance with Pay-to-Play legislation. There was also one professional service contract awarded during fiscal year ended June 30, 2018 which was not advertised as being awarded in accordance with N.J.S.A. 18A:18A-5(a)(2). One of the bids awarded during the fiscal year ended June 30, 2018 did not have the proper bid documents on file that are required by Public Schools Contracts Law, N.J.S.A. 18A:18A-1 et seq. Lastly, and one of the national co-op purchasing contracts awarded during the fiscal year ended June 30, 2018 did not have the proper documents on file that are required in accordance with procedures required by Public Schools Contracts Law, N.J.S.A. 18A:18A-1 et seq.

**Context**

Four of the contracts tested were not awarded in the minutes and the Chapter 271 forms were not obtained for four of the contracts tested. Advertisement for receipt of bids was unable to located for one of the contracts tested awarded in the amount of \$32,500.00 and the bid documents were unavailable for inspection. One of the national co-op contracts tested awarded for an amount not to exceed \$90,000.00 did not have the proper documents available upon request.

**Effect**

Noncompliance with procedures set forth in Public Schools Contracts Law, N.J.S.A. 18A:18A-1 et seq. and Pay-to-Play legislation.

**Cause**

Client oversight.

**Recommendation**

That the School District follow the Pay-to-Play provisions for all applicable contracts and follow the procedures of Public Schools Contracts Law as set forth in N.J.S.A. 18A:18A-1 et seq.

**View of Responsible Officials and Planned Corrective Action**

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

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

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This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARDS**

A Federal single audit was not required for the fiscal year ended June 30, 2017.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None.