

**CLINTON-GLEN GARDNER
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2018

**Responsibility of the Management of
Clinton-Glen Gardner School District
Hunterdon County, New Jersey**



**CLINTON-GLEN GARDNER
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

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Clinton Public School

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February 22, 2019

Honorable President and
Members of the Board of Education
Clinton Public School
Clinton, NJ 08809

Dear Board Members:

The Comprehensive Annual Financial Report of the Clinton-Glen Gardner School District (the District) for the fiscal year ending 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 operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report of 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:** The Clinton-Glen Gardner School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board as established by Statement No. 14. All funds and account groups of the District are included in this report. The Clinton-Glen Gardner Board of Education and one school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels, preschool through grade eight. These include regular, as well as, special education programs for disabled students. The District completed the 2017-2018 fiscal year with an enrollment of 443.9. The following depicts district enrollment variations over the past 10 years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2008-2009	533.6	(1.6%)
2009-2010	521.4	(2.3%)
2010-2011	508.9	(2.4%)
2011-2012	496.0	(2.5%)
2012-2013	480.0	(3.2%)
2013-2014	475.4	(0.9%)
2014-2015	483.9	1.8%
2015-2016	455.8	(5.81%)
2016-2017	442.3	(2.96%)
2017-2018	443.9	.36%

2) ECONOMIC CONDITION AND OUTLOOK: The communities of Clinton and Glen Gardner have seen a decline in student enrollments in recent years. Although there has been no growth due to the national economic decline in the housing market, it appears that the Town of Clinton and Borough of Glen Gardner remain attractive to parents with school age children.

3) MAJOR INITIATIVES: Clinton Public School has a long history of over 125 years of continuous operation. The school is located on a 9.6 acre site situated at the crest of the School Street hill just east of Leigh Street in the Town of Clinton. The current brick structure was built in September, 1923, and additions were constructed in 1963 and in 1969. A third addition in 1995 included a full size gymnasium, art and computer rooms, a modern science lab, several classrooms and offices. Another addition in 2000 accommodated the classrooms and students that had been displaced to substandard areas. In 2014, the district replaced the fire alarm system, the roof and a several large HVAC units. A new Johnson Controls system was installed to better control the HVAC system.

During its history, Clinton Public School has been recognized for its progressive educational programs. Offerings for children with special needs, opportunities for the gifted, a commitment to the arts, advanced technology opportunities, before school, and after school child care programs, and a world language program are but a few of the areas that have been provided for our students.

Our students have consistently scored above the State averages on standardized tests and have achieved success with their high school education. Our staff has demonstrated their dedication to our students in numerous ways. While a majority of our staff has advanced degrees, they continue to search for innovative ways to challenge their students.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5) BUDGETARY CONTROLS: In addition to internal account controls, the District maintains budgetary control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations 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 GASB. The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Notes to the Financial Statements, Note 1.

7) DEBT ADMINISTRATION: On March 11, 2014, the District successfully passed a Bond Referendum in the amount of \$2,104,000. The bonds were issued in August 2014, at an interest rate of 2.1 % payable over 10 years. The District received a AA Rating from Standard and Poor's Rating agency. The Debt from the 1996 referendum will be paid off as these new bonds come on. As a result of this timing, we are able to minimize the tax impact to the community. Projects included in the Referendum include replacement of the 1996 Roof, HVAC equipment and controls and installation of a new Fire Alarm System.

In June 1994, the District issued general obligation bonds in the amount of \$4,985,000 at an interest rate of 5.625%. The proceeds of this bond issue were placed in the District's debt service fund for use to provide funds for a third addition and building improvements to the District's present buildings. In 2002, the District refunded these bonds and issued \$3,335,000 in new debt at an interest rate range of 3.75-5.0% which were paid off in 2014-15. The building renovations included installation of fire doors, a sprinkler system, three new classrooms, a health suite and a child study team office, while the addition contained four classrooms, plus computer and science rooms, a gymnasium, and a physical education office. The most recent building project was completed in September 2001. This project was financed from bonds totaling \$2,070,000 at an interest rate range of 4.8-4.25%, a state grant of \$1,580,000, and interest on invested principal. In January 2010, the District refunded these bonds and issued \$1,505,000 in new debt at an interest rate range of 3.0-4.0%. This project added a wing of 5 new classrooms, updated heating and air conditioning, and renovated and expanded school office areas.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by State statute as detailed in Notes to the Financial Statements, Notes 1 and 3. 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 Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. 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.

9) 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.

10) OTHER INFORMATION:

Elimination of Glen-Gardner Non-Op

On June 30, 2009, pursuant to P.L. 2007, Chapter 63, and A-4141, the State eliminated thirteen Non-Operating Districts including Glen Gardner. The Sending/Receiving Agreement between Clinton and Glen Gardner was dissolved, and the two districts were merged as one entity. A report filed on June 30, 2009 by Assistant Commissioner of Field Services, Dr. Gerald Vernotica, provided the details of the merger.

Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPA's, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to single audit are included in the single audit section of this report.

Awards

The Clinton Public School was chosen as a recipients of 2014, 2015 & 2018 BASF Science Education Grants of \$5,000 each based upon a proposal for STEM activities. During the summer of 2017 and 2018 staff members attend the Educational Leaders as Scholars summer institute at Princeton University. We also received several grants for artist in residence through NJPSA an FEA.

Technology

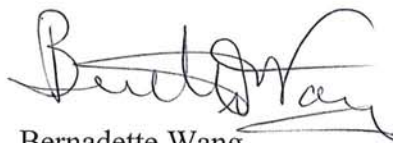
We, at Clinton Public School, believe that modern technology and telecommunication are essential resources for the classroom. We provide resources to our students and classrooms that are not normally found within the walls of a traditional school. Our Board of Education has made a commitment to invest in personnel, equipment and training to implement this vision. The Board began an initiative in 2013 to use IPADs in middle school classrooms. All students in grades 3-8 are assigned a personal Chromebook for use in all subjects. students in grades K-8 have access to a full computer lab and multiple laptop carts as well.

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

Respectfully submitted,

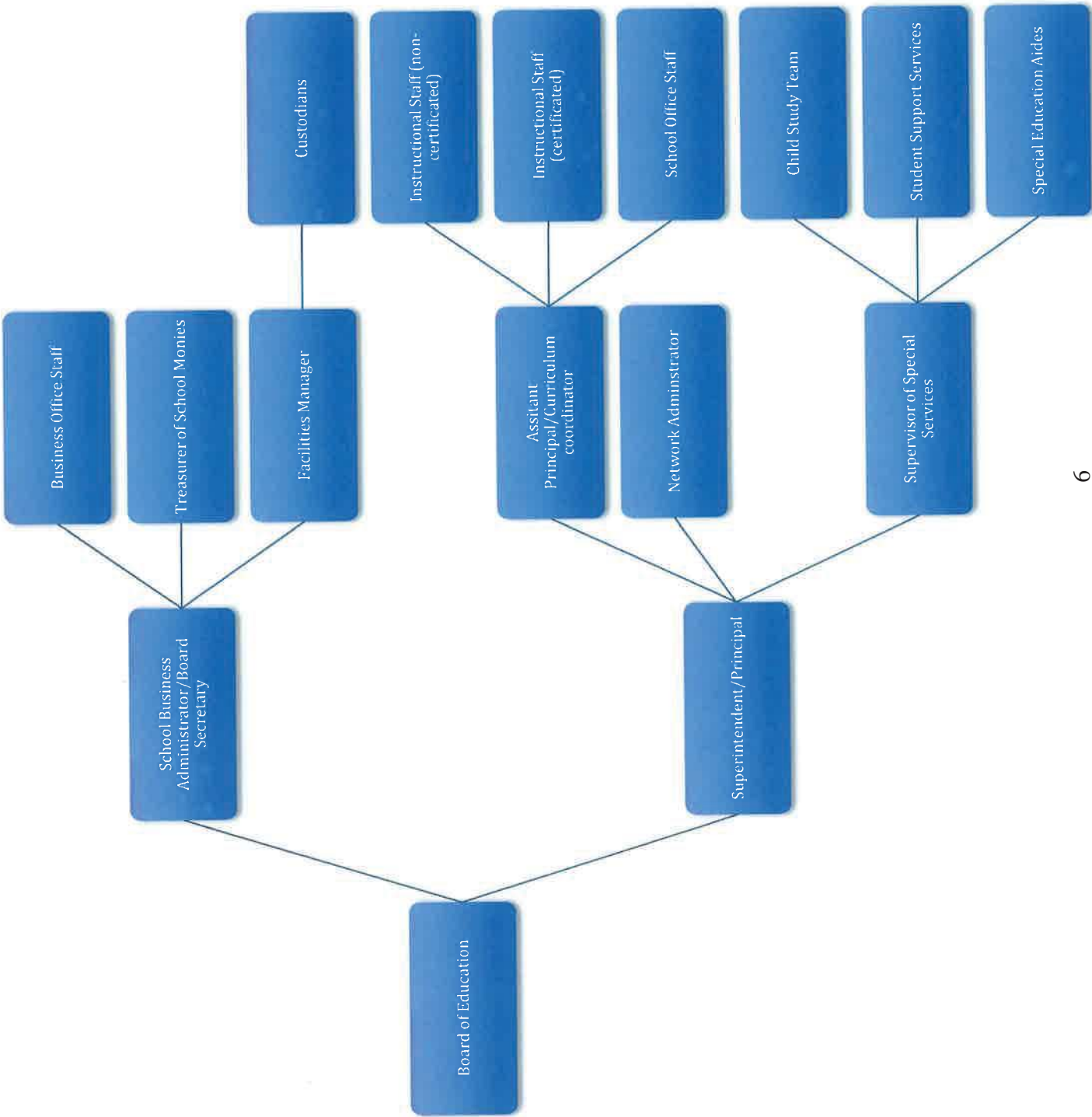


Dr. Seth Cohen
Superintendent



Bernadette Wang
Business Administrator

Clinton-Glen Gardner Board of Education Organizational Chart



CLINTON-GLEN GARDNER SCHOOL DISTRICT
Roster of Officials
June 30, 2018

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Brendan McIsaac	President	2018
Craig Sowell	Vice-President	2019
Charles Sampson		2018
Lorraine Linfante		2020
Carl Sabatino		2018

Other Officials

Dr. Seth Cohen	Superintendent
Bernadette Wang	Board Secretary/School Business Administrator
Kathleen Olsen	Treasurer

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Consultants and Advisors
June 30, 2018

AUDIT FIRM

BKC, CPAs, PC
114 Broad Street
Flemington, NJ 08822

FINANCIAL

Phoenix Advisors, LLC (Financial Advisor)
4 West Park Street
Bordentown, NJ 08505

ARCHITECT

Gianforcaro, Architects, Engineers & Planners
555 East Main Street, Suite One
Chester, NJ 08930

ATTORNEY

Cleary, Giacobbe, Alfieri & Jacobs (General Counsel)
5 Ravine Drive
Matawan, NJ 07747

Wilenz, Goldman & Spitzer (Bond Counsel)
90 Woodbridge Center Drive
Woodbridge, NJ 07095

OFFICIAL DEPOSITORY

Investors Bank
55 Old Highway 22
Clinton, NJ 08809



Certified Public Accountants, PC

www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton-Glen Gardner School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2018, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

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

Change in Accounting Principle

As discussed in Note 8 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for

purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements. The combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.


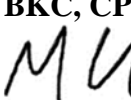
Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.


BKC, CPAs, PC


Michael Holk, CPA, PSA

February 22, 2019
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The discussion and analysis of the Clinton-Glen Gardner School District's financial performance provides an overall review of the School District's 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Pursuant to P.L. 2009, c.78, signed into law on June 30, 2009, the non-operating Glen Gardner Borough School District was merged with the Town of Clinton School District effective July 1, 2009. A report was issued by the Assistant Commissioner that provided guidance on the implementation. The budgets were merged, and Surplus of \$226,510 was returned to the Borough of Glen Gardner. Final accumulated tuition adjustments were settled through an agreement to reallocate taxes of \$50,710 for 5 years to Clinton Town from the Borough of Glen Gardner utilizing the "Other" line on the Tax Certification. Equalized Values were phased to 100% over a 5-year period for the purpose of calculating the tax apportionment among the two communities. The Clinton-Glen Gardner Board of Education was reduced to 5 members, eliminating the former Glen Gardner Representative position. Elections will now be held at large between the two communities, with no guaranteed representation.

Key financial highlights for 2018 are as follows:

- In total, net position increased \$85,295 which represents a 1.52% increase from 2017.
- General revenues accounted for \$12,643,989, or 96.15% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$506,061 or 3.85% of total revenues of \$13,150,050.
- Total assets of governmental activities decreased by \$345,617 as cash and cash equivalents decreased by \$792,407, receivables and other assets decreased by \$247,017 and capital assets increased by \$693,807.
- The School District had \$13,041,344 in expenses; only \$506,061 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$12,643,989 were adequate to provide for these programs.
- The general fund had \$9,504,745 in revenues, \$9,440,375 in expenditures, and \$221,005 in other financing uses. The general fund's balance decreased \$156,635 over 2017.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the Clinton-Glen Gardner School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies.

This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities - All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

- Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The food service and child care enterprise funds are reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

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

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 1 provides a summary of the School District's net position for 2018 with net position comparisons to fiscal year 2017.

Table 1
Net Position

	6/30/2018	6/30/2017	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$ 1,922,612	\$ 2,980,314	\$ (1,057,702)	-35.49%
Capital Assets	8,674,664	7,965,069	709,595	8.91%
Total Assets	10,597,276	10,945,383	(348,107)	-3.18%
Deferred Outflows of Resources	961,071	987,073	(26,002)	-2.63%
LIABILITIES				
Long Term Liabilities	5,173,749	6,143,506	(969,757)	-15.79%
Other Liabilities	140,632	58,807	81,825	139.14%
Total Liabilities	5,314,381	6,202,313	(887,932)	-14.32%
Deferred Inflows of Resources	556,156	127,628	428,528	335.76%
NET POSITION				
Net Investment in Capital Assets	5,870,664	4,516,069	1,354,595	30.00%
Restricted	1,387,321	2,356,352	(969,031)	-41.12%
Unrestricted	(1,570,175)	(1,269,906)	(300,269)	23.64%
Total Net Position	\$ 5,687,810	\$ 5,602,515	\$ 85,295	1.52%

Total assets decreased by \$348,107. Cash and cash equivalents decreased by \$809,322, receivables and other assets decreased by \$248,380 and capital assets increased by \$709,595. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements of the School District, decreased by \$300,269. This is primarily due to increases in amounts considered for the PERS pension liability as well as reductions in adjustment aid and extraordinary special education costs aid compared to the prior year.

The negative balance in unrestricted net position is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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Table 2 shows the changes in net position for fiscal year 2018 compared to fiscal year 2017.

Table 2
Changes in Net Position

	6/30/2018	6/30/2017	Variance	
			Dollars	Percent
REVENUES				
Program Revenues				
Charges for Services	\$ 283,659	\$ 291,795	\$ (8,136)	-2.79%
Operating Grants & Contributions	222,402	208,527	13,875	6.65%
General Revenues				
Property Taxes	7,164,856	7,028,768	136,088	1.94%
Unrestricted Grants	5,442,761	4,574,753	868,008	18.97%
Other	36,372	23,477	12,895	54.93%
Total Revenues	<u>13,150,050</u>	<u>12,127,320</u>	<u>1,022,730</u>	8.43%
PROGRAM EXPENSES				
Instruction				
Regular	5,556,786	5,147,748	409,038	7.95%
Special	2,123,883	2,012,624	111,259	5.53%
Other	513,219	159,826	353,393	221.11%
Support Services				
Tuition	137,068	251,609	(114,541)	-45.52%
Student & Instructional Related Services	2,167,741	1,895,810	271,931	14.34%
General & Business Administration	627,512	558,749	68,763	12.31%
School Administration	525,590	451,628	73,962	16.38%
Maintenance	830,132	745,852	84,280	11.30%
Transportation	212,529	237,328	(24,799)	-10.45%
Food Service	131,262	133,835	(2,573)	-1.92%
Child Care Service	132,281	129,577	2,704	2.09%
Interest on Long Term Debt	83,341	84,181	(840)	-1.00%
Total Expenses	<u>13,041,344</u>	<u>11,808,767</u>	<u>1,232,577</u>	10.44%
Increase (decrease) in net position before special items	<u>108,706</u>	<u>318,553</u>	<u>(209,847)</u>	-65.88%
Special Item				
Gain/(loss) on disposal of assets	(23,411)	-	(23,411)	*
Increase (decrease) in net position	<u>\$ 85,295</u>	<u>\$ 318,553</u>	<u>\$ (233,258)</u>	-73.22%

* Undefined

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Governmental Activities

Property taxes made up 54.49% of revenues for district-wide activities for the Clinton-Glen Gardner School District for fiscal year 2018.

Instruction comprises 62.83% of district expenses. Support services expenses make up 37.17% of district expenses.

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

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Instruction	\$ 8,193,888	\$ 7,320,198	\$ 8,078,163	\$ 7,220,784
Support Services				
Tuition	137,068	251,609	48,549	161,560
Student & Instructional Staff	2,167,741	1,895,810	2,132,326	1,847,064
General & Business Administration	627,512	558,749	627,512	558,749
School Administration	525,590	451,628	525,590	451,628
Plant Operations & Maintenance	830,132	745,852	825,534	745,429
Pupil Transportation	212,529	237,328	212,529	237,328
Food Service	131,262	133,835	6,027	8,188
Child Care Service	132,281	129,577	(4,288)	(6,466)
Interest on Long-Term Debt	83,341	84,181	83,341	84,181
	<u>\$ 13,041,344</u>	<u>\$ 11,808,767</u>	<u>\$ 12,535,283</u>	<u>\$ 11,308,445</u>

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

Pupils and instructional related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

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

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

The dependence upon tax revenue is apparent. For all activities general revenue support is 96.15. The communities, as a whole, are the primary support for the Clinton-Glen Gardner School District.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$10,077,095 and expenditures of \$11,204,179.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the general fund.

The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. During the course of the fiscal year 2018, the School District amended its General Fund budget as needed for tuition revenue and expenditures of specific special education programs as allowed by law.

For the general fund, budget revenue was \$8,290,104, \$166,065 over original budgeted estimates of \$8,124,039. This difference was due primarily to additional state revenues and tuition.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Capital Assets

At the end of the fiscal year 2018, the School District had \$8,674,664 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

Table 4
Capital Assets at Year End (Net of Depreciation)

	6/30/2018	6/30/2017	Variance	
			Dollars	Percent
Land	\$ 320,100	\$ 320,100	\$ -	0.00%
Construction in Progress	-	1,771,741	(1,771,741)	-100.00%
Land Improvements	64,709	70,544	(5,835)	-8.27%
Buildings & Improvements	8,063,141	5,706,015	2,357,126	41.31%
Machinery & Equipment	226,714	96,669	130,045	134.53%
	<u>\$ 8,674,664</u>	<u>\$ 7,965,069</u>	<u>\$ 709,595</u>	8.91%

Overall capital assets increased \$709,595 from fiscal year 2017 to fiscal year 2018. Increases in capital assets of \$973,861 were offset by depreciation expenses of \$240,855 and net disposals of \$23,411 for the year.

Long-term liabilities

At June 30, 2018, the School District had \$5,173,749 of long-term liabilities. This amount is detailed in Table 5 below.

At June 30, 2018, the legal debt limit is \$16,236,719. General obligation debt at June 30, 2018 is \$2,804,000 resulting in a legal debt margin of \$13,432,719.

Table 5
Long-Term Liabilities at Year End

	6/30/2018	6/30/2017	Variance	
			Dollars	Percent
General obligation bonds	\$ 2,804,000	\$ 3,449,000	\$ (645,000)	-18.70%
Compensated absences	95,741	102,165	(6,424)	-6.29%
PERS Liability	2,274,008	2,592,341	(318,333)	-12.28%
	<u>\$ 5,173,749</u>	<u>\$ 6,143,506</u>	<u>\$ (969,757)</u>	-15.79%

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

For the Future

It is the opinion of the Superintendent and Business Administrator that the Clinton-Glen Gardner School District is presently in good financial condition. However, future finances are not without challenges as the state continues to impose unfunded mandates on schools while simultaneously restricting the ability to fiscally manage school budgets.

The Town of Clinton and Borough of Glen Gardner are primarily residential communities, with very few ratables; thus, the tax burden is focused on homeowners.

In conclusion, the Clinton-Glen Gardner School District has committed itself to an excellent system for financial planning, budgeting and internal financial controls. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact Bernadette Wang, School Business Administrator at the Clinton-Glen Gardner Board of Education, 10 School Street, Clinton, NJ 08809 or email at bwang@cpsnj.org.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 609,095	\$ 115,738	\$ 724,833
Due from other funds	18,744	-	18,744
Receivables, net	100,291	1,840	102,131
Inventory	-	3,937	3,937
Restricted assets	1,072,967	-	1,072,967
Capital assets, net			
Land	320,100	-	320,100
Other capital assets, net of depreciation	8,306,124	48,440	8,354,564
Total assets	<u>10,427,321</u>	<u>169,955</u>	<u>10,597,276</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>961,071</u>	<u>-</u>	<u>961,071</u>
Liabilities			
Intergovernmental payable	833	-	833
Accounts payable	101,105	-	101,105
Accrued interest	24,231	-	24,231
Unearned revenue	12,890	1,393	14,283
Other current liabilities	180	-	180
Long-term liabilities			
Due within one year	780,000	-	780,000
Due beyond one year	4,393,749	-	4,393,749
Total liabilities	<u>5,312,988</u>	<u>1,393</u>	<u>5,314,381</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>556,156</u>	<u>-</u>	<u>556,156</u>
Net position			
Net investment in capital assets	5,822,224	48,440	5,870,664
Restricted for			
Capital reserve	565,349	-	565,349
Emergency reserve	76,779	-	76,779
Maintenance reserve	395,800	-	395,800
Capital projects	28,424	-	28,424
Debt Service reserve	320,969	-	320,969
Unrestricted	<u>(1,690,297)</u>	<u>120,122</u>	<u>(1,570,175)</u>
Total net position	<u>\$ 5,519,248</u>	<u>\$ 168,562</u>	<u>\$ 5,687,810</u>

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,627,049	\$ 2,929,737	\$ 57,412	\$ 58,313	\$ -	\$ (5,441,061)	\$ -	\$ (5,441,061)
Special education	989,032	1,134,851	-	-	-	(2,123,883)	-	(2,123,883)
Other special education	178,055	229,519	-	-	-	(407,574)	-	(407,574)
Other instruction	101,534	4,111	-	-	-	(105,645)	-	(105,645)
Support services								
Tuition	137,068	-	-	88,519	-	(48,549)	-	(48,549)
Students and instruction related services	1,218,609	949,132	-	35,415	-	(2,132,326)	-	(2,132,326)
General and business administration services	370,622	256,890	-	-	-	(627,512)	-	(627,512)
School administration services	282,196	243,394	-	-	-	(525,590)	-	(525,590)
Plant operations and maintenance	677,134	152,998	4,598	-	-	(825,534)	-	(825,534)
Pupil transportation	212,529	-	-	-	-	(212,529)	-	(212,529)
Interest on long-term debt	83,341	-	-	-	-	(83,341)	-	(83,341)
Total governmental activities	<u>6,877,169</u>	<u>5,900,632</u>	<u>62,010</u>	<u>182,247</u>	<u>-</u>	<u>(12,533,544)</u>	<u>-</u>	<u>(12,533,544)</u>
Business-type activities								
Food service	131,262	-	85,080	40,155	-	-	(6,027)	(6,027)
Childcare	132,281	-	136,569	-	-	-	4,288	4,288
Total business-type activities	<u>263,543</u>	<u>-</u>	<u>221,649</u>	<u>40,155</u>	<u>-</u>	<u>-</u>	<u>(1,739)</u>	<u>(1,739)</u>
Total primary government	<u>\$ 7,140,712</u>	<u>\$ 5,900,632</u>	<u>\$ 283,659</u>	<u>\$ 222,402</u>	<u>\$ -</u>	<u>(12,533,544)</u>	<u>(1,739)</u>	<u>(12,535,283)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						6,853,532	-	6,853,532
Property taxes levied for debt service						311,324	-	311,324
Federal & state aid not restricted						5,442,761	-	5,442,761
Investment earnings						28,555	-	28,555
Miscellaneous income						7,817	-	7,817
Special item - gain/(loss) on disposal of assets						(22,891)	(520)	(23,411)
Transfers						(21,005)	21,005	-
Total general revenues, special items & transfers						<u>12,600,093</u>	<u>20,485</u>	<u>12,620,578</u>
Change in net position						66,549	18,746	85,295
Net position - beginning						5,452,699	149,816	5,602,515
Net position - ending						<u>\$ 5,519,248</u>	<u>\$ 168,562</u>	<u>\$ 5,687,810</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 277,563	\$ 10,563	\$ -	\$ 320,969	\$ 609,095
Due from other funds	25,359	27	-	-	25,386
Receivables from other governments					
State	100,111	-	-	-	100,111
Other account receivables	180	-	-	-	180
Restricted cash and cash equivalents	1,037,928	-	35,039	-	1,072,967
Total assets	\$ 1,441,141	\$ 10,590	\$ 35,039	\$ 320,969	\$ 1,807,739
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 27	\$ -	\$ 6,615	\$ -	\$ 6,642
Intergovernment payable	833	-	-	-	833
Accounts payable	101,105	-	-	-	101,105
Unearned revenue	2,300	10,590	-	-	12,890
Other current liabilities	180	-	-	-	180
Total liabilities	104,445	10,590	6,615	-	121,650

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2018

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Project</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital projects fund balance	\$ -	\$ -	\$ 28,424	\$ -	\$ 28,424
Debt service reserve	-	-	-	185,669	185,669
Capital reserve	565,349	-	-	-	565,349
Emergency reserve	76,779	-	-	-	76,779
Maintenance reserve	395,800	-	-	-	395,800
Committed fund balance					
Encumbrances	85,984	-	-	-	85,984
Assigned fund balance					
Designated for subsequent year's expenditures	-	-	-	135,300	135,300
Unassigned fund balance	212,784	-	-	-	212,784
Total fund balances	<u>1,336,696</u>	<u>-</u>	<u>28,424</u>	<u>320,969</u>	<u>1,686,089</u>
Total liabilities and fund balances	<u>\$ 1,441,141</u>	<u>\$ 10,590</u>	<u>\$ 35,039</u>	<u>\$ 320,969</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$13,987,032 and the accumulated depreciation is \$5,360,808.	8,626,224
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	404,915
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(5,173,749)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(24,231)</u>
Total net position of governmental activities	<u>\$ 5,519,248</u>

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 6,853,532	\$ -	\$ -	\$ 311,324	\$ 7,164,856
Tuition charges					
Individuals	18,720	-	-	-	18,720
Other sources	38,692	-	-	-	38,692
Interest on investments	28,555	-	-	-	28,555
Rents and royalties	4,598	-	-	-	4,598
Sale of property	150	-	-	-	150
Miscellaneous	7,667	4,850	-	-	12,517
Total local sources	6,951,914	4,850	-	311,324	7,268,088
State sources	2,552,831	-	-	78,779	2,631,610
Federal sources	-	177,397	-	-	177,397
Total revenues	9,504,745	182,247	-	390,103	10,077,095
Expenditures					
Current					
Instructional					
Regular instruction	2,568,736	58,313	-	-	2,627,049
Special education instruction	989,032	-	-	-	989,032
Other special instruction	178,055	-	-	-	178,055
Other instruction	101,534	-	-	-	101,534
Support service and undistributed costs					
Tuition	48,549	88,519	-	-	137,068
Student and instruction related services	1,183,194	35,415	-	-	1,218,609
General and business administrative services	370,622	-	-	-	370,622
School administrative services	282,196	-	-	-	282,196
Plant operations and maintenance	677,134	-	-	-	677,134
Pupil transportation	212,529	-	-	-	212,529
Unallocated benefits	2,723,299	-	-	-	2,723,299

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 91,352	\$ -	\$ 861,755	\$ -	\$ 953,107
Debt service					
Principal	-	-	-	645,000	645,000
Interest & other charges	14,143	-	-	74,802	88,945
Total expenditures	<u>9,440,375</u>	<u>182,247</u>	<u>861,755</u>	<u>719,802</u>	<u>11,204,179</u>
Excess (deficit) of revenues over (under) expenditures	<u>64,370</u>	<u>-</u>	<u>(861,755)</u>	<u>(329,699)</u>	<u>(1,127,084)</u>
Other financing sources (uses)					
Transfers in	-	-	-	200,000	200,000
Transfers out	(221,005)	-	-	-	(221,005)
Total other financing sources (uses)	<u>(221,005)</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>(21,005)</u>
Net change in fund balance	(156,635)	-	(861,755)	(129,699)	(1,148,089)
Fund balances, July 1	<u>1,493,331</u>	<u>-</u>	<u>890,179</u>	<u>450,668</u>	<u>2,834,178</u>
Fund balances, June 30	<u>\$ 1,336,696</u>	<u>\$ -</u>	<u>\$ 28,424</u>	<u>\$ 320,969</u>	<u>\$ 1,686,089</u>

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER 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

Total net changes in fund balances - governmental fund (from B-2) \$ (1,148,089)

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:

Capital outlays	\$ 953,107	
Book value of assets disposed	(22,891)	
Depreciation expense	<u>(236,409)</u>	693,807

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

Debt principal payments		645,000
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Governmental funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(136,197)

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2018

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. \$ 5,604

In the Statement of Activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 6,424

Change in net position of governmental activities \$ 66,549

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2018

	Food Service Fund	Child Care Program	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 3,435	\$ 112,303	\$ 115,738
Receivables from other governments			
State	79	-	79
Federal	1,761	-	1,761
Inventory	3,937	-	3,937
Total current assets	<u>9,212</u>	<u>112,303</u>	<u>121,515</u>
Noncurrent assets			
Capital assets	130,827	-	130,827
Less: accumulated depreciation	82,387	-	82,387
Total noncurrent assets	<u>48,440</u>	<u>-</u>	<u>48,440</u>
Total assets	<u>57,652</u>	<u>112,303</u>	<u>169,955</u>
Liabilities			
Current liabilities			
Unearned revenues - commodities	1,393	-	1,393
Total liabilities	<u>1,393</u>	<u>-</u>	<u>1,393</u>
Net position			
Net investment in capital assets	48,440	-	48,440
Unrestricted	7,819	112,303	120,122
Total net position	<u>\$ 56,259</u>	<u>\$ 112,303</u>	<u>\$ 168,562</u>

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Child Care Program	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 60,117	\$ -	\$ 60,117
Daily sales - non-reimbursable programs	24,963	-	24,963
Child care revenues	-	136,569	136,569
Total operating revenues	<u>85,080</u>	<u>136,569</u>	<u>221,649</u>
Operating expenses			
Cost of sales - reimbursable programs	42,798	-	42,798
Cost of sales - non-reimbursable programs	14,527	-	14,527
Commodity food costs	11,349	-	11,349
Salaries	36,335	66,683	103,018
Support services - employee benefits	5,107	36,040	41,147
Purchased professional/technical services	2,643	-	2,643
Purchased property services	400	-	400
Other purchased services			
Insurance	3,673	-	3,673
Management fee	7,679	-	7,679
Other	-	20,000	20,000
Supplies and materials	1,007	9,558	10,565
Depreciation	4,446	-	4,446
Miscellaneous expenditures	1,298	-	1,298
Total operating expenses	<u>131,262</u>	<u>132,281</u>	<u>263,543</u>
Operating income (loss)	<u>(46,182)</u>	<u>4,288</u>	<u>(41,894)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	1,352	-	1,352
Federal sources			
National school lunch program			
Cash assistance	27,308	-	27,308
Non cash assistance (commodities)	11,349	-	11,349
Other sources			
Miscellaneous	146	-	146
Total non-operating revenues (expenses)	<u>40,155</u>	<u>-</u>	<u>40,155</u>
Other financing sources (uses)			
Operating transfer in	21,005	-	21,005
Loss on disposal of capital assets	(520)	-	(520)
Total other financing sources (uses)	<u>20,485</u>	<u>-</u>	<u>20,485</u>

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position (continued)
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Child Care Program	Total
Change in net position	\$ 14,458	\$ 4,288	\$ 18,746
Net position, beginning	41,801	108,015	149,816
Net position, ending	\$ 56,259	\$ 112,303	\$ 168,562

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Child Care Program	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ 83,847	\$ 136,569	\$ 220,416
Payments to Food Service Management Company	(114,298)	-	(114,298)
Payments to employees	-	(66,683)	(66,683)
Payments to employee benefits	-	(36,040)	(36,040)
Payments to vendors (net)	(1,067)	(29,558)	(30,625)
Net cash provided by (used for) operating activities	<u>(31,518)</u>	<u>4,288</u>	<u>(27,230)</u>
Cash flows from non-capital financing activities			
State sources	1,350	-	1,350
Federal sources	28,568	-	28,568
Miscellaneous	146	-	146
General fund interfund activity	21,005	(20,000)	1,005
Net cash provided by (used for) noncapital financing activities	<u>51,069</u>	<u>(20,000)</u>	<u>31,069</u>
Cash flows from capital financing activities			
Acquisition of equipment	(20,754)	-	(20,754)
Net increase (decrease) in cash and cash equivalents	(1,203)	(15,712)	(16,915)
Cash and cash equivalents, beginning	4,638	128,015	132,653
Cash and cash equivalents, ending	<u>\$ 3,435</u>	<u>\$ 112,303</u>	<u>\$ 115,738</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (46,182)	\$ 4,288	\$ (41,894)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	4,446	-	4,446
Federal food donation program	11,349	-	11,349
(Increase) decrease in accounts receivable	225	-	225
(Increase) decrease in inventory	(120)	-	(120)
Increase (decrease) in unearned revenue	(1,236)	-	(1,236)
Net cash provided by (used for) operating activities	<u>\$ (31,518)</u>	<u>\$ 4,288</u>	<u>\$ (27,230)</u>

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2018

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets			
Cash and cash equivalents	\$ 59,218	\$ 64,239	\$ 59,504
Due from other funds	9,481	-	-
Total assets	\$ 68,699	\$ 64,239	\$ 59,504
Liabilities			
Due to other funds	\$ -	\$ 14,205	\$ 14,020
Due to student groups	-	50,034	-
Payroll deductions and withholdings	-	-	45,484
Total liabilities	-	\$ 64,239	\$ 59,504
Net position			
Held in trust for unemployment claims and other purposes	\$ 68,699		

See accompanying notes to financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee contributions	\$ 8,570
Deductions	
Unemployment claims	<u>5,457</u>
Change in net position	3,113
Net position, beginning of the year	<u>65,586</u>
Net position, end of the year	<u><u>\$ 68,699</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2018 of 447 students.

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

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

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted State Aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The District reports the following major governmental funds:

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

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

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund.

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

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

The District's enterprise fund is comprised of the food service fund and the child care program.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

Fiduciary fund types

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

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

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

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

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution. Budget amendments during the year ended June 30, 2018 were insignificant.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last State Aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal years 2017-2018 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

J. Capital assets

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

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

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

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

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement Number 16 (GASB 16), Accounting for Compensated Absences. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

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

M. Long-term obligations

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

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. 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 credits, grantors, or laws or regulations of their 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.

O. Fund balances - governmental funds

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

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

P. Use of 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 the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

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

Note 3 - Deposits, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash and certificates of deposit in banks. As of June 30, 2018, the District had no investments.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

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

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

N.J.S.A. 17:9-41 e.t. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

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

As of June 30, 2018, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	1,854,163
Total bank balances	<u>\$ 2,104,163</u>

Deposits at June 30, 2018 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>\$ 1,980,761</u>
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	\$ 609,095
Enterprise funds, Statement of Net Position	B-4	115,738
Fiduciary funds, Statement of Net Position	B-7	182,961
Restricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	1,072,967
Total cash and cash equivalents		<u>\$ 1,980,761</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 320,100	\$ -	\$ -	\$ 320,100
Construction in progress	1,771,741	861,755	2,633,496	-
Total	<u>2,091,841</u>	<u>861,755</u>	<u>2,633,496</u>	<u>320,100</u>
Capital assets, being depreciated				
Land improvements	206,106	-	-	206,106
Building & improvements	10,221,477	2,583,574	-	12,805,051
Furniture & equipment	611,594	141,274	97,093	655,775
Total	<u>11,039,177</u>	<u>2,724,848</u>	<u>97,093</u>	<u>13,666,932</u>
Accumulated depreciation				
Land improvements	135,562	5,835	-	141,397
Building & improvements	4,515,462	226,448	-	4,741,910
Furniture & equipment	547,577	4,126	74,202	477,501
Total	<u>5,198,601</u>	<u>236,409</u>	<u>74,202</u>	<u>5,360,808</u>
Total capital assets, being depreciated, net	<u>5,840,576</u>	<u>2,488,439</u>	<u>22,891</u>	<u>8,306,124</u>
Transfer	-	(2,633,496)	(2,633,496)	-
Governmental activities capital assets, net	<u>\$ 7,932,417</u>	<u>\$ 716,698</u>	<u>\$ 22,891</u>	<u>\$ 8,626,224</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 128,954	\$ 20,753	\$ 18,880	\$ 130,827
Less: accumulated depreciation	96,302	4,446	18,361	82,387
Business type activities capital assets, net	<u>\$ 32,652</u>	<u>\$ 16,307</u>	<u>\$ 519</u>	<u>\$ 48,440</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction	
Regular	\$ 106,370
Special education	40,046
Other special instruction	7,210
Other instruction	4,111
Support services	
Student & instruction	49,342
General & business administration	15,007
School administration	11,426
Plant maintenance	2,897
Total depreciation expense, governmental activities	\$ 236,409

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 3,449,000	\$ -	\$ 645,000	\$ 2,804,000	\$ 780,000
Compensated absences payable	102,165	57,045	63,469	95,741	-
PERS net pension liability	2,592,341	-	318,333	2,274,008	-
Total governmental activities long-term liabilities	\$ 6,143,506	\$ 57,045	\$ 1,026,802	\$ 5,173,749	\$ 780,000

Payments on the general obligation bonds are made in the debt service fund from property taxes and State Aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 780,000	\$ 60,710	\$ 840,710
2020	540,000	45,225	585,225
2021	410,000	33,130	443,130
2022	360,000	22,826	382,826
2023	230,000	15,801	245,801
2024 - 2025	484,000	17,115	501,115
Total	\$ 2,804,000	\$ 194,807	\$ 2,998,807

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

General Obligation Bonds - General obligation school building bonds payable at June 30, 2018, with their outstanding balances are comprised of the following individual issues:

\$1,505,000 - 2009 refunding general obligation bonds, due in annual installments of \$100,000 to \$140,000, beginning August 15, 2010, through August 15, 2021, interest at 3.00% to 4.00%.	\$ 565,000
\$2,104,000 - 2014 refunding general obligation bonds, due in annual installments of \$155,000 to \$249,000, beginning February 15, 2016, through February 15, 2025, interest at 2.00% to 3.375%.	1,564,000
\$985,000 - 2017 refunding general obligation bonds, due in annual installments of \$55,000 to \$310,000, beginning August 15, 2018, through February 15, 2021, interest at 1.53%.	675,000
	\$ 2,804,000

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2018 is \$16,236,719. General obligation debt at June 30, 2018 is \$2,804,000, resulting in a legal debt margin of \$13,432,719.

Note 6 - Operating Leases

The District has future minimum rental commitments for technology equipment and supplies, accounted for as an operating lease at June 30, 2018.

Year ending June 30,	Principal	Interest	Total
2019	\$ 40,527	\$ 350	\$ 40,877

Note 7 - Pension plans

Description of systems

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plans (continued)

A. Public employees' retirement systems (PERS)

Plan description

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

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

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the State fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2017, the State's pension contribution was less than the actuarial determined amount.

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

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plan (continued)

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

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2017:

	2017
Total pension liability	\$ 4,381,514
Plan fiduciary net position	2,107,506
Net pension liability	\$ 2,274,008

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

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4 15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven 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. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one 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 three years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plan (continued)

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

Long-term expected rate of return

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 Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected 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%

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent State fiscal year.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plan (continued)

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

Discount rate (continued)

State employers contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (5.00%)	\$ 2,274,008
At a 1% lower rate (4.00%)	2,821,061
At a 1% higher rate (6.00%)	1,818,245

Collective deferred outflows of resources and deferred inflows of resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 53,545	\$ -
Changes of assumptions	458,134	456,455
Net difference between projected and actual earnings on pension plan investments	15,484	-
Changes in proportion and differences between District contributions and proportionate share of contributions	343,411	99,701
District contributions subsequent to the measurement date	90,497	-
Total	\$ 961,071	\$ 556,156

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plan (continued)

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

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

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) of \$90,497 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 53,805	\$ 16,605	\$ 16,865	\$ 53,545
Changes of assumptions	599,321	-	141,187	458,134
Difference between projected and actual earnings on pension plan investments	110,321	(97,469)	(2,632)	15,484
Deferred inflows of resources				
Changes of assumptions	-	(558,342)	(101,887)	(456,455)
Net of deferred outflows	<u>\$ 763,447</u>	<u>\$ (639,206)</u>	<u>\$ 53,533</u>	<u>\$ 70,708</u>

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

Year Ending June 30,

2018	\$ 53,532
2019	80,782
2020	48,950
2021	(65,103)
2022	(47,453)
Total	<u>\$ 70,708</u>

Pension expense

For the year ended June 30, 2018, the District recognized net pension expense of \$227,864, which represents the District's proportionate share of allocable plan pension expense of \$164,020, plus the net amortization of deferred amounts from changes in proportion of \$76,582, less other adjustments to the net pension liability of \$12,738. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2017 are as follows:

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 -

Pension plan (continued)

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

Pension expense (continued)

Service cost	\$	106,065
Interest on total pension liability		192,471
Member contributions		(50,454)
Administrative expense		1,320
Expected investment return net of investment expense		(137,423)
Pension expense related to specific liabilities of individual employers		(1,492)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		39,300
Amortization of expected versus actual experience		16,865
Amortization of projected versus actual investment earnings on pension plan investments		(2,632)
Pension expense	\$	164,020

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

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plan (continued)

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

Plan description (continued)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ending June 30, 2017, the State of New Jersey contributed \$400,794 to the TPAF for normal pension benefits on behalf of the District.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Components of net pension liability

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal year ending June 30, 2017 is as follows:

	2017
State's proportionate share of net pension liability	\$ 24,065,131
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	1,667,110
Non-employer contribution	400,794
Allocable proportionate percentage	.0356924407%

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ending June 30, 2017 are as follows:

Service cost	\$ 1,077,074
Interest on total pension liability	1,175,332
Member contributions	(281,223)
Administrative expense	4,240
Expected investment return net of investment expense	(571,469)
Pension expense related to specific liabilities of individual employers	(127)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	18,966
Amortization of expected versus actual experience	257,411
Amortization of projected versus actual investment earnings on pension plan investments	(13,094)
Pension expense	\$ 1,667,110

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plan (continued)

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

Collective net pension liability and actuarial information

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2017 is as follows:

	2017
Total pension liability	\$ 32,264,449
Plan fiduciary net position	8,199,318
Net pension liability	\$ 24,065,131

Plan fiduciary net position as a percentage of the total pension liability	25.41%
--	--------

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases (based on age)	
2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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

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

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected 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%

Discount rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent State fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Pension plan (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District’s Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (4.25%)	\$ 24,065,131
At a 1% lower rate (3.25%)	28,590,130
At a 1% higher rate (5.25%)	20,337,416

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2018) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District’s contribution to the DCRP for fiscal year ended 2018 was \$2,849.

D. Other pension plan information

During the year ended June 30, 2018, the State of New Jersey contributed \$366,427 to the TPAF for post-retirement medical benefits, \$13,442 for non-contributory insurance premiums, \$687 for long-term disability insurance, and \$553,889 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$282,082 during the year ended June 30, 2018 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Post-retirement benefits

Chapter 384 of PL 1987 and Chapter 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25-years of credited service or on a disability retirement. Chapter 103 of PL 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2017, there were 112,966 statewide retirees eligible for post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62 of PL 1994. Funding of post-retirement medical premiums are on a pay-as-you-go basis.

The State is also responsible for the cost attributable to Chapter 126 of PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a School District or County College with 25-years of service. In fiscal year 2017, the State paid \$238.9 million toward Chapter 126 of PL 1992 benefits for 20,913 eligible retired members.

GASB Statement No. 75 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

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

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Post-retirement benefits (continued)

Funding Policy - Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

Total OPEB liability - Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

Total OPEB liability

For purposes of reporting required GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2017 is as follows:

	2017
State's proportionate share of the OPEB liability	\$ 53,639,841,858
District's proportionate share of the State's OPEB liability	19,975,643
Employer pension expense and related revenue	1,144,041
Allocable proportionate percentage	.037240309%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2016	\$ 21,522,084
Service cost	786,440
Interest cost	629,487
Change of benefit terms	-
Differences between expected and actual experiences	-
Changes of assumptions	(2,516,727)
Member contributions	17,037
Gross benefit payments	(462,678)
Total OPEB liability at June 30, 2017	\$ 19,975,643

There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Post-retirement benefits (continued)

Total OPEB liability (continued)

The total non-employer OPEB liability as of June 30, 2017 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. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate		2.50%
	TPAF	PERS
	(based on years of service)	(based on age)
Salary increases		
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

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.

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 was 3.58%. 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.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Post-retirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2017, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Total OPEB liability (school retirees)</u>	2017
At current discount rate (3.58%)	\$ 19,975,643
At a 1% lower rate (2.58%)	23,712,529
At a 1% higher rate (4.58%)	17,011,509

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Total OPEB liability (school retirees)</u>	2017
Healthcare cost trend rate	\$ 19,975,643
At a 1% lower rate (1% decrease)	16,428,035
At a 1% higher rate (1% increase)	24,686,824

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$1,144,041 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 9 - Deferred compensation

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Deferred compensation (continued)
 Equitable
 Variable Annuity Life Insurance Co.
 Vanguard
 Siracusa

Note 10 - Interfund receivables and payables
 The composition of interfund balances as of June 30, 2018 is as follows:

	Receivable	Payable
General fund	\$ 25,359	\$ 27
Special revenue	27	-
Capital project fund	-	6,615
Payroll agency	-	14,020
Unemployment	9,481	-
Student activities	-	14,205
	\$ 34,867	\$ 34,867

The balance due from the payroll agency fund to the general fund of \$4,539 represents a loan for the flexible spending account of \$4,000 and health benefit withholdings not transferred totaling \$539. The balance due from the payroll agency fund to the unemployment compensation fund of \$9,481 represents employee withholdings not yet transferred at year end. The balance due from the general fund to the special revenue fund of \$27 represents expenditures to be reimbursed by the general fund. The balance due from the student activity funds to the general fund of \$14,205 represents amounts collected in student activity funds to reimburse related general fund expenditures. The balance due from the capital projects fund to the general fund represents \$6,615 of interest income not yet transferred.

Note 11 - Inventory
 Inventory in the food service fund as of June 30, 2018 consisted of the following:

Food	\$ 3,164
Supplies	773
Total	\$ 3,937

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Contingent liabilities

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

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

Note 13 - Risk management

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

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

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

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017 - 2018	\$ -	\$ -	\$ 8,570	\$ 5,457	\$ 68,699
2016 - 2017	-	-	9,116	4,098	65,586
2015 - 2016	-	32	8,031	-	60,568

Note 14 - Legal reserve accounts

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Legal reserve accounts (continued)

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$100,000 to their capital reserve account and \$115,000 to their maintenance reserve account by Board Resolution in June 2018 as summarized in the following schedule. The following schedule is a summarization of the legal reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 658,817	\$ 100,000	\$ 6,532	\$ -	\$ 200,000	\$ 565,349
Emergency	75,888	-	891	-	-	76,779
Maintenance	280,800	115,000	-	-	-	395,800
Total	<u>\$ 1,015,505</u>	<u>\$ 215,000</u>	<u>\$ 7,423</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 1,037,928</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Fund balance

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2018 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the District's long range facilities plan.	\$ 565,349
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	76,779
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	395,800
Committed	
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	85,984
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	336,526
Total fund balance - Budgetary basis (Exhibit C-1)	1,460,438

Last state aid payments not recognized on GAAP basis	(123,742)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 1,336,696

Note 16 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve general fund 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 \$0.

Note 17 - Recent accounting pronouncements not yet effective

The following is the recent accounting pronouncement which is not yet effective as of the year end date of this report:

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 *Leases*. This statement, which is effective for reporting periods beginning after June 15, 2019, is not expected to have a material impact on the District's financial reporting.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Financial Statements

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2018 of (\$1,690,297) on Schedule A-1, Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 19 - Subsequent events

The District has evaluated subsequent events through February 22, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

CLINTON-GLEN GARDNER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 6,853,532	\$ -	\$ 6,853,532	\$ 6,853,532	\$ -
Tuition from individuals	18,000	-	18,000	18,720	720
Tuition from other LEAs within the state	-	-	-	38,692	38,692
Rents and royalties	5,000	-	5,000	4,598	(402)
Sale of property	-	-	-	150	150
Unrestricted miscellaneous revenues	4,800	-	4,800	28,799	23,999
Interest earned on current expense emergency reserve	-	-	-	891	891
Interest earned on capital reserve funds	-	-	-	6,532	6,532
Total	6,881,332	-	6,881,332	6,951,914	70,582
State sources					
School choice aid	39,591	-	39,591	39,591	-
Categorical transportation aid	28,503	-	28,503	28,503	-
Extraordinary aid	-	-	-	84,016	84,016
Categorical special education aid	227,785	-	227,785	227,785	-
Equalization aid	613,561	-	613,561	642,932	29,371
Categorical security aid	26,989	-	26,989	26,989	-
Adjustment aid	292,658	-	292,658	272,233	(20,425)
PARCC readiness aid	4,620	-	4,620	4,620	-
Per pupil growth aid	4,620	-	4,620	4,620	-
Professional learning community aid	4,380	-	4,380	4,380	-
Other state aid	-	-	-	2,521	2,521
TPAF pension (on-behalf)	-	-	-	567,331	567,331
TPAF social security (reimbursed)	-	-	-	282,082	282,082
TPAF post retirement benefits	-	-	-	366,427	366,427
TPAF long-term disability insurance	-	-	-	687	687
Total	1,242,707	-	1,242,707	2,554,717	1,312,010
Total revenues	\$ 8,124,039	\$ -	\$ 8,124,039	\$ 9,506,631	\$ 1,382,592
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 160,871	\$ (46,274)	\$ 114,597	\$ 114,597	\$ -
Grades 1-5	1,300,974	(158,333)	1,142,641	1,142,318	323
Grades 6-8	870,815	70,460	941,275	941,275	-
Home instruction					
Salaries of teacher	2,000	(506)	1,494	1,494	-
Purchased professional - educational services	2,500	(1,770)	730	730	-
Regular programs - undistributed instruction					
Other salaries for instruction	59,436	517	59,953	59,953	-
Other purchased services	145,500	(42,783)	102,717	101,909	808
General supplies	149,483	114,864	264,347	203,310	61,037
Textbooks	7,864	(7,864)	-	-	-
Other objects	-	3,150	3,150	3,150	-
Total	2,699,443	(68,539)	2,630,904	2,568,736	62,168

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Multiple disabilities					
Salaries of teachers	\$ 69,204	\$ 732	\$ 69,936	\$ 69,936	\$ -
Other salaries for instruction	27,714	(340)	27,374	27,374	-
General supplies	5,477	1,162	6,639	6,639	-
Total	<u>102,395</u>	<u>1,554</u>	<u>103,949</u>	<u>103,949</u>	<u>-</u>
Resource room/resource center					
Salaries of teachers	447,407	82,163	529,570	529,570	-
Other salaries for instruction	94,030	3,747	97,777	97,777	-
General supplies	9,000	7,061	16,061	16,061	-
Total	<u>550,437</u>	<u>92,971</u>	<u>643,408</u>	<u>643,408</u>	<u>-</u>
Autism					
Salaries of teachers	59,863	(542)	59,321	59,321	-
Other salaries for instruction	62,074	822	62,896	62,896	-
General supplies	3,500	(2,484)	1,016	978	38
Total	<u>125,437</u>	<u>(2,204)</u>	<u>123,233</u>	<u>123,195</u>	<u>38</u>
Preschool disabilities - part-time					
Salaries of teachers	93,025	(2,912)	90,113	90,113	-
Other salaries for instruction	26,426	(312)	26,114	26,114	-
General supplies	2,500	(247)	2,253	2,253	-
Total	<u>121,951</u>	<u>(3,471)</u>	<u>118,480</u>	<u>118,480</u>	<u>-</u>
Total special education	<u>900,220</u>	<u>88,850</u>	<u>989,070</u>	<u>989,032</u>	<u>38</u>
Basic skills/remedial					
Salaries of teachers	137,729	1,292	139,021	139,021	-
General supplies	3,000	(2,467)	533	533	-
Total	<u>140,729</u>	<u>(1,175)</u>	<u>139,554</u>	<u>139,554</u>	<u>-</u>
Bilingual education - instruction					
Salaries of teachers	36,209	(530)	35,679	35,679	-
General supplies	533	3,448	3,981	2,822	1,159
Total	<u>36,742</u>	<u>2,918</u>	<u>39,660</u>	<u>38,501</u>	<u>1,159</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	48,300	(2,934)	45,366	45,366	-
Supplies and materials	450	173	623	523	100
Total	<u>48,750</u>	<u>(2,761)</u>	<u>45,989</u>	<u>45,889</u>	<u>100</u>
School-sponsored athletics - instruction					
Salaries	26,000	897	26,897	26,897	-
Purchased services	6,000	(3,000)	3,000	3,000	-
Supplies and materials	6,832	77	6,909	6,909	-
Total	<u>38,832</u>	<u>(2,026)</u>	<u>36,806</u>	<u>36,806</u>	<u>-</u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Summer school - instruction					
Salaries of teachers	\$ 18,000	\$ 839	\$ 18,839	\$ 18,839	\$ -
Total	18,000	839	18,839	18,839	-
 Total instruction regular	 \$ 3,882,716	 \$ 18,106	 \$ 3,900,822	 \$ 3,837,357	 \$ 63,465
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to priv. school for the disabled w/i state	\$ 169,747	\$ (96,942)	\$ 72,805	\$ 48,549	\$ 24,256
Total	169,747	(96,942)	72,805	48,549	24,256
 Undistributed expenditures - health services					
Salaries	94,201	4,316	98,517	98,517	-
Purchased professional and technical services	1,750	(250)	1,500	1,500	-
Other purchased services	250	(165)	85	85	-
Supplies and materials	4,750	(1,100)	3,650	1,951	1,699
Other objects	200	(9)	191	191	-
Total	101,151	2,792	103,943	102,244	1,699
 Undistributed expenditures - speech, ot, pt & related services					
Salaries	120,236	(4,544)	115,692	115,692	-
Purchased professional - educational services	42,100	(16,856)	25,244	20,349	4,895
Supplies and materials	1,000	(169)	831	831	-
Total	163,336	(21,569)	141,767	136,872	4,895
 Undistributed expend - other supp. service stds. - extra service					
Salaries	9,000	(3,445)	5,555	5,555	-
Purchased professional - educational services	179,500	126,662	306,162	263,126	43,036
Total	188,500	123,217	311,717	268,681	43,036
 Undistributed expenditures - guidance					
Salaries of other professional staff	65,000	2,700	67,700	67,700	-
Supplies and materials	500	(161)	339	339	-
Total	65,500	2,539	68,039	68,039	-
 Undistributed expenditures - child study teams					
Salaries of other professional staff	242,206	738	242,944	242,944	-
Salaries of secretarial and clerical assistants	58,580	70	58,650	58,650	-
Purchased professional - educational services	5,000	(405)	4,595	-	4,595
Supplies and materials	9,000	3,003	12,003	12,003	-
Total	314,786	3,406	318,192	313,597	4,595
 Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	39,141	839	39,980	39,980	-
Salaries of other professional staff	39,700	3,219	42,919	42,919	-
Salaries of facilitators, math & literacy coaches	43,974	436	44,410	44,410	-
Total	122,815	4,494	127,309	127,309	-

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 67,793	\$ 1,767	\$ 69,560	\$ 69,560	\$ -
Salaries of technology coordinators	69,294	-	69,294	69,294	-
Supplies and materials	8,500	(3,039)	5,461	5,060	401
Total	145,587	(1,272)	144,315	143,914	401
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	-	3,850	3,850	3,850	-
Other purchased services	15,000	1,392	16,392	16,303	89
Supplies and materials	7,600	(5,215)	2,385	2,385	-
Total	22,600	27	22,627	22,538	89
Undistributed expend. - support service - general admin.					
Salaries	84,870	6,222	91,092	91,092	-
Legal services	11,700	2,246	13,946	13,946	-
Audit fees	16,500	273	16,773	16,773	-
Architectural/engineering services	-	14,213	14,213	14,213	-
Other purchased professional services	4,040	50	4,090	4,090	-
Communications/telephone	15,700	3,005	18,705	18,653	52
BOE other purchased services	2,000	(2,000)	-	-	-
Misc purch services	19,000	(11,107)	7,893	7,893	-
General supplies	4,000	(123)	3,877	3,877	-
BOE in-house training/meeting supplies	250	(250)	-	-	-
Miscellaneous expenditures	4,500	(72)	4,428	4,428	-
BOE membership dues and fees	5,000	-	5,000	4,300	700
Total	167,560	12,457	180,017	179,265	752
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	198,921	(12,896)	186,025	186,025	-
Salaries of secretarial and clerical assistants	55,978	3,731	59,709	59,709	-
Supplies and materials	1,000	(1,000)	-	-	-
Other objects	1,500	(1,500)	-	-	-
Total	257,399	(11,665)	245,734	245,734	-
Undistributed expenditures - central services					
Salaries	185,278	16,023	201,301	186,301	15,000
Purchased professional services	650	200	850	850	-
Miscellaneous purchased services	600	237	837	775	62
Supplies and materials	850	1,018	1,868	1,403	465
Other objects	2,100	(72)	2,028	2,028	-
Total	189,478	17,406	206,884	191,357	15,527
Undistributed expenditures - admin. info. technology					
Salaries	7,699	-	7,699	7,699	-
Purchased technical services	27,780	1,083	28,863	28,763	100
Total	35,479	1,083	36,562	36,462	100

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expend. - required maint. for school facilities					
Salaries	\$ 101,638	\$ 3,058	\$ 104,696	\$ 104,696	\$ -
Cleaning, repair, and maintenance services	139,204	21,929	161,133	160,133	1,000
Lead testing in water	4,857	(1,800)	3,057	-	3,057
General supplies	11,700	(2,830)	8,870	8,870	-
Other objects	-	555	555	555	-
Total	<u>257,399</u>	<u>20,912</u>	<u>278,311</u>	<u>274,254</u>	<u>4,057</u>
Undistributed expenditures - custodial services					
Salaries	155,244	21,381	176,625	172,534	4,091
Purchased professional and technical services	3,000	5,296	8,296	8,296	-
Cleaning, repair, and maintenance service	14,584	(3,547)	11,037	11,037	-
Other purchased property services	9,100	536	9,636	9,636	-
Insurance	38,000	12,395	50,395	50,395	-
Miscellaneous purchased services	1,100	(1,036)	64	64	-
General supplies	20,550	5,987	26,537	26,537	-
Energy (natural gas)	30,000	(3,650)	26,350	26,350	-
Energy (electricity)	85,000	2,056	87,056	87,056	-
Other objects	250	214	464	464	-
Total	<u>356,828</u>	<u>39,632</u>	<u>396,460</u>	<u>392,369</u>	<u>4,091</u>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	10,420	(9,079)	1,341	1,234	107
General supplies	3,200	399	3,599	3,599	-
Total	<u>13,620</u>	<u>(8,680)</u>	<u>4,940</u>	<u>4,833</u>	<u>107</u>
Undistributed expenditures - security					
Purchased professional and technical services	700	(700)	-	-	-
Cleaning, repair, and maintenance service	-	245	245	245	-
General supplies	5,433	-	5,433	5,433	-
Total	<u>6,133</u>	<u>(455)</u>	<u>5,678</u>	<u>5,678</u>	<u>-</u>
Undistributed expenditures - student transportation service					
Management fee - esc & ctsa trans. program	2,500	-	2,500	2,500	-
Contract service-aid in lieu pymts - non-public schools	19,400	(5,950)	13,450	12,092	1,358
Contract service-aid in lieu pymts-choice school students	4,500	3,500	8,000	6,000	2,000
Contr service (oth. than between home & school) - vend	10,400	1,675	12,075	8,662	3,413
Contr service (between home & school) - joint agreement	-	4,597	4,597	-	4,597
Contract service (reg. students) - escs & ctsas	148,000	(3,118)	144,882	144,882	-
Contract service (spl. ed. students) - escs & ctsas	77,172	(24,524)	52,648	38,393	14,255
Total	<u>261,972</u>	<u>(23,820)</u>	<u>238,152</u>	<u>212,529</u>	<u>25,623</u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Unallocated benefits - employee benefits					
Social security contributions	\$ 87,000	\$ 14,373	\$ 101,373	\$ 101,373	\$ -
Other retirement contributions - PERS	84,000	7,252	91,252	91,252	-
Other retirement contributions - ERIP	-	4,130	4,130	4,130	-
Other retirement contributions - regular	4,200	(4,200)	-	-	-
Workmen's compensation	45,000	(276)	44,724	44,724	-
Health benefits	1,248,900	20,016	1,268,916	1,126,753	142,163
Tuition reimbursement	26,000	41,542	67,542	58,421	9,121
Other employee benefits	21,000	(4,054)	16,946	16,650	296
Unused sick payment to terminated/retired staff	-	63,469	63,469	63,469	-
Total	<u>1,516,100</u>	<u>142,252</u>	<u>1,658,352</u>	<u>1,506,772</u>	<u>151,580</u>
On-behalf TPAF pension contribution	-	-	-	567,331	(567,331)
On-behalf TPAF post retirement medical benefits	-	-	-	366,427	(366,427)
On-behalf TPAF long-term disability insurance	-	-	-	687	(687)
Reimbursed TPAF social security contribution	-	-	-	282,082	(282,082)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,216,527</u>	<u>(1,216,527)</u>
Total undistributed expenditures	<u>\$ 4,355,990</u>	<u>\$ 205,814</u>	<u>\$ 4,561,804</u>	<u>\$ 5,497,523</u>	<u>\$ (935,719)</u>
Total current	<u>\$ 8,238,706</u>	<u>\$ 223,920</u>	<u>\$ 8,462,626</u>	<u>\$ 9,334,880</u>	<u>\$ (872,254)</u>
Capital outlay					
Equipment					
Vocational programs					
School-sponsored and other instructional programs	\$ 11,630	\$ -	\$ 11,630	\$ 11,630	\$ -
Undistributed					
Undistributed expenditures - instruction	35,894	-	35,894	35,894	-
Undistributed expenditures - central services	10,629	-	10,629	10,629	-
Undistributed expenditures - custodial services	28,860	4,395	33,255	33,199	56
Total equipment	<u>87,013</u>	<u>4,395</u>	<u>91,408</u>	<u>91,352</u>	<u>56</u>
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	14,143	-	14,143	14,143	-
Total facilities acquisition and construction service	<u>14,143</u>	<u>-</u>	<u>14,143</u>	<u>14,143</u>	<u>-</u>
Total capital outlay	<u>\$ 101,156</u>	<u>\$ 4,395</u>	<u>\$ 105,551</u>	<u>\$ 105,495</u>	<u>\$ 56</u>
Total expenditures	<u>\$ 8,339,862</u>	<u>\$ 228,315</u>	<u>\$ 8,568,177</u>	<u>\$ 9,440,375</u>	<u>\$ (872,198)</u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (deficiency) of revenues over (under) expenditures	\$ (215,823)	\$ (228,315)	\$ (444,138)	\$ 66,256	\$ 510,394
Other financing sources (uses)					
Transfers in from other funds	20,000	-	20,000	-	(20,000)
Operating transfer out					
Transfer to food service fund - board contribution	-	(21,005)	(21,005)	(21,005)	-
Capital reserve - transfer to debt service	(200,000)	-	(200,000)	(200,000)	-
Total other financing sources (uses)	(180,000)	(21,005)	(201,005)	(221,005)	(20,000)
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(395,823)	(249,320)	(645,143)	(154,749)	490,394
Fund balances, July 1	1,615,187	-	1,615,187	1,615,187	-
Fund balances, June 30	\$ 1,219,364	\$ (249,320)	\$ 970,044	\$ 1,460,438	\$ 490,394
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (196,623)	\$ -	\$ (196,623)	\$ (196,623)	\$ -
Increase in capital reserve	-	100,000	100,000	100,000	-
Interest deposit to capital reserve	500	-	500	6,532	6,032
Withdrawal from capital reserve	(200,000)	-	(200,000)	(200,000)	-
Increase in emergency reserve	300	-	300	-	(300)
Interest earned on emergency reserve	-	-	-	891	891
Increase in maintenance reserve	-	115,000	115,000	115,000	-
Budgeted fund balance	-	(464,320)	(464,320)	19,451	483,771
Total	\$ (395,823)	\$ (249,320)	\$ (645,143)	\$ (154,749)	\$ 490,394
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 565,349	
Emergency reserve				76,779	
Maintenance reserve				395,800	
Committed fund balance					
Year-end encumbrances				85,984	
Unassigned fund balance				336,526	
Fund balance per budgetary basis				1,460,438	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(123,742)	
Fund balance per governmental funds (GAAP)				\$ 1,336,696	

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 15,440	\$ -	\$ 15,440	\$ 4,850	\$ (10,590)
Federal sources	177,397	-	177,397	177,397	-
Total revenues	<u>\$ 192,837</u>	<u>\$ -</u>	<u>\$ 192,837</u>	<u>\$ 182,247</u>	<u>\$ (10,590)</u>
Expenditures					
Instruction					
Salaries	\$ 36,625	\$ (1)	\$ 36,624	\$ 36,624	\$ -
Tuition	88,519	-	88,519	88,519	-
Other purchased services	5,500	-	5,500	4,489	1,011
Supplies	6,040	-	6,040	361	5,679
Total	<u>136,684</u>	<u>(1)</u>	<u>136,683</u>	<u>129,993</u>	<u>6,690</u>
Support services					
Employee benefits	16,838	1	16,839	16,839	-
Purchased professional & technical services	35,415	-	35,415	35,415	-
Supplies	3,900	-	3,900	-	3,900
Total	<u>56,153</u>	<u>1</u>	<u>56,154</u>	<u>52,254</u>	<u>3,900</u>
Total expenditures	<u>\$ 192,837</u>	<u>\$ -</u>	<u>\$ 192,837</u>	<u>\$ 182,247</u>	<u>\$ 10,590</u>

See independent auditors' report.

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

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 9,506,631	\$ 182,247
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	121,856	-
State aid receivable current year	<u>(123,742)</u>	<u>-</u>
Total revenues (GAAP Basis)	<u>\$ 9,504,745</u>	<u>\$ 182,247</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 9,440,375</u>	<u>\$ 182,247</u>
Total expenditures (GAAP Basis)	<u>\$ 9,440,375</u>	<u>\$ 182,247</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.0097687461%	0.0087528422%	0.0095359971%	0.0085999806%	0.0075412794%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 2,274,008	\$ 2,592,341	\$ 2,140,640	\$ 1,610,152	\$ 1,441,288	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 699,483	647,797	622,818	595,102	604,752	530,988	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	351.04%	416.23%	359.71%	266.25%	271.44%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Schedule of District's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 90,497	\$ 77,759	\$ 81,984	\$ 70,897	\$ 56,822	\$ 59,103	\$ 65,728	\$ 56,659	\$ 45,882	\$ 37,236
Contributions in relation to the contractually required contribution	(90,497)	(77,759)	(81,984)	(70,897)	(56,822)	(59,103)	(65,728)	(56,659)	(45,882)	(37,236)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 699,483	\$ 647,797	\$ 622,818	\$ 595,102	\$ 604,752	\$ 530,988	\$ 500,491	\$ 527,257	\$ 574,952	\$ 521,240
Contributions as a percentage of covered employee payroll	12.94%	12.00%	13.16%	11.91%	9.40%	11.13%	13.13%	10.75%	7.98%	7.14%

See independent auditors' report.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	24,065,131	27,384,693	21,642,198	18,983,034	18,666,978	N/A	N/A	N/A	N/A
Total	\$ -	\$ 24,065,131	\$ 27,384,693	\$ 21,642,198	\$ 18,983,034	\$ 18,666,978	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 3,791,671	\$ 3,858,459	\$ 3,508,604	\$ 3,377,598	\$ 3,508,018	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 567,331	\$ 401,470	\$ 278,712	\$ 185,123	\$ 150,255	\$ 238,660	\$ 121,289	\$ 12,026	\$ 12,878	\$ 12,327
Contributions in relation to the contractually required contribution	(567,331)	(401,470)	(278,712)	(185,123)	(150,255)	(238,660)	(121,289)	(12,026)	(12,878)	(12,327)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,905,788	\$ 3,791,671	\$ 3,858,459	\$ 3,508,604	\$ 3,377,598	\$ 3,508,018	\$3,319,279	\$3,588,518	\$3,714,805	\$3,718,056
Contributions as a percentage of covered employee payroll	14.53%	10.59%	7.22%	5.28%	4.45%	6.80%	3.65%	0.34%	0.35%	0.33%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportionate share of the other post employment employee benefits liability (asset) - percentage	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other post employment employee benefits liability (asset) - value	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other post employment employee benefits liability (asset) associated with the District	N/A	19,975,643	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 19,975,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 4,439,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2018

- Note 1 - Special funding situation - TPAF and other post-retirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other post-retirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate increased from 3.22% in State fiscal year 2016 to 4.25% in State fiscal year 2017. The inflation rate was 2.50% for State fiscal years 2016 and 2.25% in State fiscal year 2017.
- Note 3 - Changes in assumptions - PERS
The discount rate increased from 3.98% in State fiscal year 2016 to 5.00% in State fiscal year 2017. The inflation rate decreased from 3.08% for State fiscal year 2016 to 2.25% for State fiscal year 2017.
- Note 4 - Changes in assumptions - other post-retirement employee benefits
The other post-retirement employee benefits discount rate increased from 2.85% in State fiscal year 2016 to 3.58% in State fiscal year 2017. The inflation rate was not available for State fiscal year 2016 and for State fiscal year 2017 was 2.50%.
- Note 5 - Changes in healthcare trend assumptions - other post-retirement employee benefits
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.
- Note 6 - Changes in benefit term assumptions - other post-retirement employee benefits
There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	<u>ESSA Title IA</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Local Grants</u>	<u>Total</u>
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ 4,850	\$ 4,850
Federal sources	53,463	118,519	5,415	-	177,397
Total revenues	<u>\$ 53,463</u>	<u>\$ 118,519</u>	<u>\$ 5,415</u>	<u>\$ 4,850</u>	<u>\$ 182,247</u>
Expenditures					
Instruction					
Salaries	\$ 36,624	\$ -	\$ -	\$ -	\$ 36,624
Tuition	-	88,519	-	-	88,519
Other purchased services	-	-	-	4,489	4,489
Supplies	-	-	-	361	361
Total	<u>36,624</u>	<u>88,519</u>	<u>-</u>	<u>4,850</u>	<u>129,993</u>
Support services					
Employee benefits	16,839	-	-	-	16,839
Purchased professional and technical services	-	30,000	5,415	-	35,415
Total	<u>16,839</u>	<u>30,000</u>	<u>5,415</u>	<u>-</u>	<u>52,254</u>
Total expenditures	<u>\$ 53,463</u>	<u>\$ 118,519</u>	<u>\$ 5,415</u>	<u>\$ 4,850</u>	<u>\$ 182,247</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2018

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/18
			Prior Years	Current Year	
Facilities improvement project	12/13/16	\$ 985,000	\$ 98,327	\$ 861,755	\$ 24,918
		<u>\$ 985,000</u>	<u>\$ 98,327</u>	<u>\$ 861,755</u>	<u>\$ 24,918</u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2018

Expenditures	
Purchased professional services	
Architectural/Engineering fees	\$ 15,098
Construction services	846,657
Total expenditures	<u>861,755</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(861,755)
Net position - beginning	<u>890,179</u>
Net position - ending	<u><u>\$ 28,424</u></u>
Analysis of balance	
Capital project fund balance	\$ 24,918
Interest earnings	3,506
	<u><u>\$ 28,424</u></u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Facilities Improvement Project - 2016
For the Fiscal Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - bond proceeds	\$ 985,000	\$ -	\$ 985,000	\$ 985,000
Total revenues	<u>985,000</u>	<u>-</u>	<u>985,000</u>	<u>985,000</u>
Expenditures and other financing uses				
Construction services				
Interior construction				
Media center renovations	7,600	220,477	228,077	229,950
Lighting and ceilings replacement	15,200	528,960	544,160	355,740
HVAC upgrades	-	50,998	50,998	170,310
Exterior closure	-	-	-	4,000
Fixed furnishings	-	46,222	46,222	120,000
Purchased professional services				
Architectural/Engineering fees	45,906	15,098	61,004	64,400
Bond/Legal fees	29,621	-	29,621	30,000
Fees and permits	-	-	-	10,600
Total expenditures	<u>98,327</u>	<u>861,755</u>	<u>960,082</u>	<u>985,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 886,673</u>	<u>\$ (861,755)</u>	<u>\$ 24,918</u>	<u>\$ -</u>

Additional Project Information

Project number	0910-030-17-1000
Grant date	N/A
Bond authorization date	12/13/16
Bonds authorized	\$ 985,000
Bonds issued	\$ 985,000
Original authorized cost	\$ 985,000
Additional authorized cost	-
Revised authorized cost	\$ 985,000
Percentage completion	97.47%

See independent auditors' report.

PROPRIETARY FUNDS

DETAIL STATEMENTS

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Net Position
June 30, 2018

	Food Service Fund	Child Care Program	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 3,435	\$ 112,303	\$ 115,738
Receivables from other governments			
State	79	-	79
Federal	1,761	-	1,761
Inventory	3,937	-	3,937
Total current assets	<u>9,212</u>	<u>112,303</u>	<u>121,515</u>
Noncurrent assets			
Capital assets	130,827	-	130,827
Less: accumulated depreciation	82,387	-	82,387
Total noncurrent assets	<u>48,440</u>	<u>-</u>	<u>48,440</u>
Total assets	<u>57,652</u>	<u>112,303</u>	<u>169,955</u>
Liabilities			
Current liabilities			
Unearned revenues - commodities	1,393	-	1,393
Total liabilities	<u>1,393</u>	<u>-</u>	<u>1,393</u>
Net position			
Net investment in capital assets	48,440	-	48,440
Unrestricted	7,819	112,303	120,122
Total net position	<u>\$ 56,259</u>	<u>\$ 112,303</u>	<u>\$ 168,562</u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Child Care Program	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 60,117	\$ -	\$ 60,117
Daily sales - non-reimbursable programs	24,963	-	24,963
Child care revenues	-	136,569	136,569
Total operating revenues	<u>85,080</u>	<u>136,569</u>	<u>221,649</u>
Operating expenses			
Cost of sales - reimbursable programs	42,798	-	42,798
Cost of sales - non-reimbursable programs	14,527	-	14,527
Commodity food costs	11,349	-	11,349
Salaries	36,335	66,683	103,018
Support services - employee benefits	5,107	36,040	41,147
Purchased professional/technical services	2,643	-	2,643
Purchased property services	400	-	400
Other purchased services			
Insurance	3,673	-	3,673
Management fee	7,679	-	7,679
Other	-	20,000	20,000
Supplies and materials	1,007	9,558	10,565
Depreciation	4,446	-	4,446
Miscellaneous expenditures	1,298	-	1,298
Total operating expenses	<u>131,262</u>	<u>132,281</u>	<u>263,543</u>
Operating income (loss)	<u>(46,182)</u>	<u>4,288</u>	<u>(41,894)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	1,352	-	1,352
Federal sources			
National school lunch program			
Cash assistance	27,308	-	27,308
Non-cash assistance (commodities)	11,349	-	11,349
Miscellaneous	146	-	146
Total non-operating revenues (expenses)	<u>40,155</u>	<u>-</u>	<u>40,155</u>
Other financing sources (uses)			
Operating transfer in	21,005	-	21,005
Loss on disposal of capital assets	(520)	-	(520)
Total other financing sources (uses)	<u>20,485</u>	<u>-</u>	<u>20,485</u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Revenues, Expenses, and
Changes in Net Position (continued)
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Child Care Program	Total
	<u> </u>	<u> </u>	<u> </u>
Change in net position	\$ 14,458	\$ 4,288	\$ 18,746
Net position, beginning	<u>41,801</u>	<u>108,015</u>	<u>149,816</u>
Net position, ending	<u><u>\$ 56,259</u></u>	<u><u>\$ 112,303</u></u>	<u><u>\$ 168,562</u></u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Child Care Program	Total
Cash flows from operating activities			
Receipts from customers	\$ 83,847	\$ 136,569	\$ 220,416
Payments to Food Service Management Company	(114,298)	-	(114,298)
Payments to employees	-	(66,683)	(66,683)
Payments to employee benefits	-	(36,040)	(36,040)
Payments to vendors (net)	(1,067)	(29,558)	(30,625)
Net cash provided by operating activities	<u>(31,518)</u>	<u>4,288</u>	<u>(27,230)</u>
Cash flows from noncapital financing activities			
State sources	1,350	-	1,350
Federal sources	28,568	-	28,568
Miscellaneous	146	-	146
General fund interfund activity	21,005	(20,000)	1,005
Net cash provided by (used for) noncapital financing activities	<u>51,069</u>	<u>(20,000)</u>	<u>31,069</u>
Cash flows from capital financing activities			
Acquisition of equipment	(20,754)	-	(20,754)
Net increase in cash and cash equivalents	(1,203)	(15,712)	(16,915)
Cash and cash equivalents, beginning	4,638	128,015	132,653
Cash and cash equivalents, ending	<u>\$ 3,435</u>	<u>\$ 112,303</u>	<u>\$ 115,738</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (46,182)	\$ 4,288	\$ (41,894)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	4,446	-	4,446
Federal food donation program	11,349	-	11,349
(Increase) decrease in accounts receivable	225	-	225
(Increase) decrease in inventory	(120)	-	(120)
Increase (decrease) in unearned revenue	(1,236)	-	(1,236)
Net cash provided by (used for) operating activities	<u>\$ (31,518)</u>	<u>\$ 4,288</u>	<u>\$ (27,230)</u>

See independent auditors' report.

FIDUCIARY FUNDS

DETAIL STATEMENTS

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2018

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 59,218	\$ 64,239	\$ 59,504	\$ 182,961
Due from other funds	9,481	-	-	9,481
Total assets	\$ 68,699	\$ 64,239	\$ 59,504	\$ 192,442
Liabilities				
Due to other funds	-	\$ 14,205	\$ 14,020	\$ 28,225
Due to students groups	-	50,034	-	50,034
Payroll deductions & withholdings	-	-	45,484	45,484
Total liabilities	-	64,239	59,504	123,743
Net position				
Held in trust for unemployment claims and other purposes	\$ 68,699	-	-	\$ 68,699

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	Unemployment Compensation Fund
Additions	
Contributions	
Employee withholdings	\$ 8,570
Deductions	
Unemployment claims	5,457
Change in net position	3,113
Net position, beginning of the year	65,586
Net position, end of the year	\$ 68,699

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Assets				
Cash and cash equivalents	\$ 54,249	\$ 65,004	\$ 55,014	\$ 64,239
Due from other funds	1,963	-	1,963	-
Total assets	\$ 56,212	\$ 65,004	\$ 56,977	\$ 64,239
Liabilities				
Due to other funds	\$ -	\$ 14,205	\$ -	\$ 14,205
Due to student groups	56,212	50,799	56,977	50,034
Total liabilities	\$ 56,212	\$ 65,004	\$ 56,977	\$ 64,239

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CLINTON-GLEN GARDNER SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Assets				
Cash and cash equivalents	\$ 29,004	\$ 5,804,322	\$ 5,773,822	\$ 59,504
Total assets	\$ 29,004	\$ 5,804,322	\$ 5,773,822	\$ 59,504
Liabilities				
Due to other funds	\$ 13,116	\$ 9,109	\$ 8,205	\$ 14,020
Payroll deductions & withholdings	15,888	2,404,915	2,375,319	45,484
Net payroll	-	3,390,298	3,390,298	-
Total liabilities	\$ 29,004	\$ 5,804,322	\$ 5,773,822	\$ 59,504

See independent auditors' report.

LONG-TERM DEBT

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/17	Issued	Retired	Balance 06/30/18
			Date	Amount					
Refunding school bonds of 2009	08/15/09	\$ 1,505,000	08/15/18	\$ 145,000	3.25%	\$ 705,000	\$ -	\$ 140,000	\$ 565,000
			08/15/19	140,000	3.50%	-	-	-	-
			08/15/20	140,000	3.63%	-	-	-	-
			08/15/21	140,000	3.75%	-	-	-	-
School bonds of 2014	08/15/14	2,104,000	02/15/19	205,000	2.00%	1,759,000	-	195,000	1,564,000
			02/15/20	210,000	2.00%	-	-	-	-
			02/15/21	215,000	2.00%	-	-	-	-
			02/15/22	220,000	2.00%	-	-	-	-
			02/15/23	230,000	2.00%	-	-	-	-
			02/15/24	235,000	2.25%	-	-	-	-
			02/15/25	249,000	2.38%	-	-	-	-
School bonds of 2017	02/08/17	985,000	02/15/19	430,000	1.53%	985,000	-	310,000	675,000
			02/15/20	190,000	1.53%	-	-	-	-
			02/15/21	55,000	1.53%	-	-	-	-
						<u>\$ 3,449,000</u>	<u>\$ -</u>	<u>\$ 645,000</u>	<u>\$ 2,804,000</u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 148,587	\$ -	\$ 148,587	\$ 148,587	\$ -
Local tax levy - pre-merger debt	162,737	-	162,737	162,737	-
State sources					
Debt service aid type II	78,779	-	78,779	78,779	-
Total revenues	<u>390,103</u>	<u>-</u>	<u>390,103</u>	<u>390,103</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	645,000	-	645,000	645,000	-
Interest	74,802	-	74,802	74,802	-
Total expenditures	<u>719,802</u>	<u>-</u>	<u>719,802</u>	<u>719,802</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(329,699)	-	(329,699)	(329,699)	-

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses)					
Transfers in	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ -
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(129,699)	-	(129,699)	(129,699)	-
Fund balance, July 1	450,668	-	450,668	450,668	-
Fund balance, June 30	<u>\$ 320,969</u>	<u>\$ -</u>	<u>\$ 320,969</u>	<u>\$ 320,969</u>	<u>\$ -</u>
Recapitulation of excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses					
Budgeted fund balance	<u>\$ (129,699)</u>	<u>\$ -</u>	<u>\$ (129,699)</u>	<u>\$ (129,699)</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
<p>Sources: Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.</p>	

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Government activities										
Net investment in capital assets	\$ 3,982,503	\$ 4,128,574	\$ 4,371,285	\$ 4,537,465	\$ 4,893,462	\$ 5,385,724	\$ 4,662,010	\$ 5,225,571	\$ 4,483,417	\$ 5,822,224
Restricted	40,140	102,774	167,217	197,547	397,671	577,993	1,725,179	1,303,263	2,356,352	1,387,321
Unrestricted	61,887	21,637	182,420	422,659	237,414	(1,310,609)	(1,229,777)	(1,396,410)	(1,387,070)	(1,690,297)
Total governmental activities	<u>\$ 4,084,530</u>	<u>\$ 4,252,985</u>	<u>\$ 4,720,922</u>	<u>\$ 5,157,671</u>	<u>\$ 5,528,547</u>	<u>\$ 4,653,108</u>	<u>\$ 5,157,412</u>	<u>\$ 5,132,424</u>	<u>\$ 5,452,699</u>	<u>\$ 5,519,248</u>
Business-type activities										
Net investment in capital assets	\$ 32,523	\$ 25,920	\$ 19,570	\$ 13,217	\$ 11,526	\$ 7,779	\$ 16,495	\$ 21,574	\$ 32,652	\$ 48,440
Unrestricted	25,184	82,823	131,618	174,323	65,802	76,435	116,126	129,964	117,164	120,122
Total business-type activities	<u>\$ 57,707</u>	<u>\$ 108,743</u>	<u>\$ 151,188</u>	<u>\$ 187,540</u>	<u>\$ 77,328</u>	<u>\$ 84,214</u>	<u>\$ 132,621</u>	<u>\$ 151,538</u>	<u>\$ 149,816</u>	<u>\$ 168,562</u>
District-wide										
Net investment in capital assets	\$ 4,015,026	\$ 4,154,494	\$ 4,390,855	\$ 4,550,682	\$ 4,904,988	\$ 5,393,503	\$ 4,678,505	\$ 5,247,145	\$ 4,516,069	\$ 5,870,664
Restricted	40,140	102,774	167,217	197,547	397,671	577,993	1,725,179	1,303,263	2,356,352	1,387,321
Unrestricted	87,071	104,460	314,038	596,982	303,216	(1,234,174)	(1,113,651)	(1,266,446)	(1,269,906)	(1,570,175)
Total district-wide	<u>\$ 4,142,237</u>	<u>\$ 4,361,728</u>	<u>\$ 4,872,110</u>	<u>\$ 5,345,211</u>	<u>\$ 5,605,875</u>	<u>\$ 4,737,322</u>	<u>\$ 5,290,033</u>	<u>\$ 5,283,962</u>	<u>\$ 5,602,515</u>	<u>\$ 5,687,810</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,564,328	\$ 3,424,234	\$ 3,064,929	\$ 3,282,752	\$ 3,307,290	\$ 3,215,086	\$ 3,995,146	\$ 4,584,497	\$ 5,147,748	\$ 5,556,786
Special education	1,187,652	1,397,612	1,557,303	1,537,296	1,650,654	1,626,623	1,738,146	2,213,199	2,012,624	2,531,457
Other instruction	80,667	98,492	74,827	75,067	84,814	86,365	94,110	103,495	159,826	105,645
Support services										
Tuition	176,784	242,911	181,942	258,451	244,655	266,197	243,486	246,464	251,609	137,068
Student & instruction related services	1,280,294	1,442,001	1,346,673	1,250,154	1,392,448	1,348,496	1,674,594	1,730,507	1,895,810	2,167,741
General & business administrative services	583,662	568,098	553,444	678,237	569,239	501,436	501,297	495,027	558,749	627,512
School administration	236,339	269,045	268,637	244,835	273,660	299,817	359,739	421,853	451,628	525,590
Plant operations & maintenance	587,830	582,103	536,418	567,423	671,284	581,535	626,109	572,807	745,852	830,132
Pupil transportation	104,463	310,020	294,709	314,598	273,342	274,744	289,391	257,418	237,328	212,529
Interest on long-term debt	179,431	128,690	142,942	128,355	102,179	82,234	99,843	83,905	84,181	83,341
Total governmental activities expenses	<u>7,981,450</u>	<u>8,463,206</u>	<u>8,021,824</u>	<u>8,337,168</u>	<u>8,569,565</u>	<u>8,282,533</u>	<u>9,621,861</u>	<u>10,709,172</u>	<u>11,545,355</u>	<u>12,777,801</u>
Business-type activities										
Food service	135,927	125,742	127,014	124,732	129,346	126,646	124,270	132,856	133,835	131,262
Child care	145,249	133,131	142,781	139,139	123,450	126,384	96,710	99,986	129,577	132,281
Total business-type activities	<u>281,176</u>	<u>258,873</u>	<u>269,795</u>	<u>263,871</u>	<u>252,796</u>	<u>253,030</u>	<u>220,980</u>	<u>232,842</u>	<u>263,412</u>	<u>263,543</u>
Total district expenses	<u>\$ 8,262,626</u>	<u>\$ 8,722,079</u>	<u>\$ 8,291,619</u>	<u>\$ 8,601,039</u>	<u>\$ 8,822,361</u>	<u>\$ 8,535,563</u>	<u>\$ 9,842,841</u>	<u>\$ 10,942,014</u>	<u>\$ 11,808,767</u>	<u>\$ 13,041,344</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenues										
Governmental activities										
Charges for services	\$ 2,438,090	\$ 172,761	\$ 143,409	\$ 73,900	\$ 27,742	\$ 34,607	\$ 28,250	\$ 20,045	\$ 73,123	\$ 62,010
Operating grants & contributions	217,793	261,008	197,376	167,463	181,008	170,529	180,347	174,306	165,509	182,247
Capital grants & contributions	-	-	-	64,576	10,124	-	-	-	-	-
Total governmental activities program revenues	<u>2,655,883</u>	<u>433,769</u>	<u>340,785</u>	<u>305,939</u>	<u>218,874</u>	<u>205,136</u>	<u>208,597</u>	<u>194,351</u>	<u>238,632</u>	<u>244,257</u>
Business-type activities										
Charges for services										
Food service	98,162	104,785	101,467	95,156	85,273	87,708	85,615	80,117	82,629	85,080
Child care	109,159	178,063	181,453	178,671	110,082	134,188	144,852	125,574	136,043	136,569
Operating grants & contributions	28,258	26,969	29,152	26,255	37,174	37,972	38,888	46,068	43,018	40,155
Total business-type activities program revenues	<u>235,579</u>	<u>309,817</u>	<u>312,072</u>	<u>300,082</u>	<u>232,529</u>	<u>259,868</u>	<u>269,355</u>	<u>251,759</u>	<u>261,690</u>	<u>261,804</u>
Total district-program revenues	<u>\$ 2,891,462</u>	<u>\$ 743,586</u>	<u>\$ 652,857</u>	<u>\$ 606,021</u>	<u>\$ 451,403</u>	<u>\$ 465,004</u>	<u>\$ 477,952</u>	<u>\$ 446,110</u>	<u>\$ 500,322</u>	<u>\$ 506,061</u>
Net (expense) revenues										
Governmental activities	\$ (5,325,567)	\$ (8,029,437)	\$ (7,681,039)	\$ (8,031,229)	\$ (8,350,691)	\$ (8,077,397)	\$ (9,413,264)	\$ (10,514,821)	\$ (11,306,723)	\$ (12,533,544)
Business-type activities	<u>(45,597)</u>	<u>50,944</u>	<u>42,277</u>	<u>36,211</u>	<u>(20,267)</u>	<u>6,838</u>	<u>48,375</u>	<u>18,917</u>	<u>(1,722)</u>	<u>(1,739)</u>
Total district-wide net expenses	<u>\$ (5,371,164)</u>	<u>\$ (7,978,493)</u>	<u>\$ (7,638,762)</u>	<u>\$ (7,995,018)</u>	<u>\$ (8,370,958)</u>	<u>\$ (8,070,559)</u>	<u>\$ (9,364,889)</u>	<u>\$ (10,495,904)</u>	<u>\$ (11,308,445)</u>	<u>\$ (12,535,283)</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 4,086,329	\$ 5,790,375	\$ 5,979,490	\$ 6,055,296	\$ 6,055,296	\$ 6,176,403	\$ 6,299,930	\$ 6,547,034	\$ 6,719,150	\$ 6,853,532
Taxes levied for debt service	553,625	538,505	509,311	526,121	532,545	537,661	501,796	297,463	309,618	311,324
Unrestricted grants & contributions	813,646	1,865,231	1,651,392	1,883,405	1,986,350	1,861,933	3,082,105	3,632,374	4,574,753	5,442,761
Investment earnings	1,686	1,931	3,590	3,073	1,689	1,390	6,916	6,483	14,304	28,555
Miscellaneous income	3,414	1,850	5,193	83	441	9,037	26,821	6,479	9,173	7,817
Special item - gain (loss) on disposition of assets	-	-	-	-	55,286	-	-	-	-	(22,891)
Operating transfer	40,000	-	-	-	90,000	-	-	-	-	(21,005)
Total governmental activities	<u>5,498,700</u>	<u>8,197,892</u>	<u>8,148,976</u>	<u>8,467,978</u>	<u>8,721,607</u>	<u>8,586,424</u>	<u>9,917,568</u>	<u>10,489,833</u>	<u>11,626,998</u>	<u>12,600,093</u>
Business-type activities										
Investment earnings	95	92	168	141	55	48	32	-	-	-
Special item - gain (loss) on disposition of assets	-	-	-	-	-	-	-	-	-	(520)
Operating transfer	(40,000)	-	-	-	(90,000)	-	-	-	-	21,005
Total business-type activities	<u>(39,905)</u>	<u>92</u>	<u>168</u>	<u>141</u>	<u>(89,945)</u>	<u>48</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>20,485</u>
Total district-wide	<u>\$ 5,458,795</u>	<u>\$ 8,197,984</u>	<u>\$ 8,149,144</u>	<u>\$ 8,468,119</u>	<u>\$ 8,631,662</u>	<u>\$ 8,586,472</u>	<u>\$ 9,917,600</u>	<u>\$ 10,489,833</u>	<u>\$ 11,626,998</u>	<u>\$ 12,620,578</u>
Change in net position										
Governmental activities	\$ 173,133	\$ 168,455	\$ 467,937	\$ 436,749	\$ 370,916	\$ 509,027	\$ 504,304	\$ (24,988)	\$ 320,275	\$ 66,549
Business-type activities	(85,502)	51,036	42,445	36,352	(110,212)	6,886	48,407	18,917	(1,722)	18,746
Total district	<u>\$ 87,631</u>	<u>\$ 219,491</u>	<u>\$ 510,382</u>	<u>\$ 473,101</u>	<u>\$ 260,704</u>	<u>\$ 515,913</u>	<u>\$ 552,711</u>	<u>\$ (6,071)</u>	<u>\$ 318,553</u>	<u>\$ 85,295</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted	\$ 40,140	\$ 70,276	\$ 170,079	\$ 200,409	\$ 397,671	\$ 577,993	\$ 728,955	\$ 831,129	\$ 1,015,505	\$ 1,037,928
Committed	-	-	4,311	135,081	146,262	29,479	196,739	43,591	196,623	85,984
Assigned	-	-	-	181,251	30,000	-	-	-	-	-
Unassigned	140,435	25,594	189,267	193,869	144,850	131,317	139,131	212,719	281,203	212,784
Total general fund	<u>\$ 180,575</u>	<u>\$ 95,870</u>	<u>\$ 363,657</u>	<u>\$ 710,610</u>	<u>\$ 718,783</u>	<u>\$ 738,789</u>	<u>\$ 1,064,825</u>	<u>\$ 1,087,439</u>	<u>\$ 1,493,331</u>	<u>\$ 1,336,696</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 996,223	\$ 471,135	\$ 890,179	\$ 28,424
Debt service fund	-	32,498	-	-	-	-	-	999	450,668	320,969
Total all other governmental funds	<u>\$ -</u>	<u>\$ 32,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 996,223</u>	<u>\$ 472,134</u>	<u>\$ 1,340,847</u>	<u>\$ 349,393</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 4,639,954	\$ 6,328,880	\$ 6,488,801	\$ 6,581,417	\$ 6,587,841	\$ 6,714,064	\$ 6,801,726	\$ 6,844,497	\$ 7,028,768	\$ 7,164,856
Tuition charges	2,438,090	167,641	142,369	64,450	26,650	23,072	21,331	15,840	72,700	57,412
Interest earnings	1,686	1,931	3,590	3,073	1,669	1,390	6,916	6,483	14,304	28,555
Miscellaneous	3,414	6,970	15,597	18,745	19,739	30,603	43,169	10,142	14,737	12,667
Rents and royalties	-	-	-	-	-	-	-	4,205	423	4,598
State sources	813,646	1,744,283	1,626,274	1,860,552	1,986,350	1,861,933	2,060,640	2,310,923	2,517,174	2,631,610
State sources - capital projects	-	-	-	64,576	-	-	-	-	-	-
Federal sources	217,793	381,956	213,130	181,104	172,926	160,499	170,918	170,643	159,945	177,397
Total revenues	8,114,583	8,631,661	8,489,761	8,773,917	8,795,175	8,791,561	9,104,700	9,362,733	9,808,051	10,077,095
Expenditures										
Instruction										
Regular instruction	2,505,608	2,350,284	2,167,949	2,140,059	2,297,341	2,315,569	2,351,082	2,612,392	2,653,564	2,568,736
Special education instruction	634,331	860,755	861,954	813,675	851,116	891,693	881,981	932,565	876,619	989,032
Other special instruction	112,272	148,018	182,015	192,768	218,102	197,423	190,695	224,098	167,043	178,055
School sponsored/other instructional	76,656	93,907	71,266	71,386	80,908	82,361	89,750	99,775	88,801	101,534
Support services										
Tuition	176,784	96,486	95,361	166,803	142,727	171,096	150,477	246,464	161,560	48,549
Student & inst related services	854,322	964,733	872,713	820,473	912,176	944,721	959,368	1,094,985	1,068,259	1,183,194
General administration	265,808	231,371	221,784	219,939	242,270	221,603	131,529	150,619	176,750	179,265
School administration services	166,327	194,046	177,960	183,410	186,453	187,559	211,005	222,827	228,880	245,734
Central services	159,785	157,272	147,860	151,469	152,881	157,048	175,520	179,165	185,926	191,357
Administrative information technology	6,166	13,582	24,364	27,914	31,597	28,904	41,886	45,667	40,725	36,462
Plant operations & maintenance	579,231	572,610	535,505	566,606	674,443	510,361	505,893	500,443	618,788	677,134
Pupil transportation	104,463	310,020	294,709	314,598	273,342	274,744	289,391	257,418	237,328	212,529
Employee benefits	1,172,060	1,378,060	1,288,745	1,274,384	1,280,565	1,217,177	1,247,043	1,313,412	1,292,017	1,506,772
On-behalf TPAF pension & Social Security contribution	539,398	544,550	547,095	624,779	781,792	652,189	824,236	899,358	1,019,282	1,216,527
Capital outlay	225,000	-	-	240,000	67,743	195,772	28,099	-	18,976	91,352
Capital projects	-	-	-	153,845	-	-	1,111,283	525,088	116,287	861,755
Special revenue funds	217,793	261,008	197,376	167,463	191,132	170,529	180,347	174,306	165,509	182,247
Debt service										
Principal	380,000	380,000	405,000	415,000	440,000	465,000	450,000	275,000	320,000	645,000
Interest & other charges	174,833	127,166	137,816	122,393	107,680	87,806	66,856	110,626	82,132	88,945
Total expenditures	8,350,837	8,683,868	8,229,472	8,666,964	8,932,268	8,771,555	9,886,441	9,864,208	9,518,446	11,204,179

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (deficiency) of revenues over (under) expenditures	\$ (236,254)	\$ (52,207)	\$ 260,289	\$ 106,953	\$ (137,093)	\$ 20,006	\$ (781,741)	\$ (501,475)	\$ 289,605	\$ (1,127,084)
Other financing sources (uses)										
Capital leases (non-budgeted)	225,000	-	-	240,000	-	-	-	-	-	-
Proceeds from bond issue	-	1,445,000	-	-	-	-	2,104,000	-	985,000	-
Payments to refunding bond escrow agent	-	(1,445,000)	-	-	-	-	-	-	-	-
Insurance claim proceeds for storm damage	-	-	-	-	55,266	-	-	-	-	-
Transfers in (out)	40,000	-	(25,000)	-	90,000	-	-	-	-	(21,005)
Total other financing sources (uses)	<u>265,000</u>	<u>-</u>	<u>(25,000)</u>	<u>240,000</u>	<u>145,266</u>	<u>-</u>	<u>2,104,000</u>	<u>-</u>	<u>985,000</u>	<u>(21,005)</u>
Net change in fund balances	<u>\$ 28,746</u>	<u>\$ (52,207)</u>	<u>\$ 235,289</u>	<u>\$ 346,953</u>	<u>\$ 8,173</u>	<u>\$ 20,006</u>	<u>\$ 1,322,259</u>	<u>\$ (501,475)</u>	<u>\$ 1,274,605</u>	<u>\$ (1,148,089)</u>
Debt service as a percentage of non-capital expenditures	7.33%	6.20%	7.06%	6.95%	6.59%	6.89%	6.28%	4.31%	4.48%	7.71%

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Interest income	\$ 1,686	\$ 1,931	\$ 3,590	\$ 3,156	\$ 1,669	\$ 1,390	\$ 3,410	\$ 6,483	\$ 9,502	\$ 28,555
Tuition	2,438,090	167,641	142,369	64,450	26,650	23,072	21,331	15,840	72,700	57,412
Refunds	-	-	-	-	-	800	-	-	-	-
Rental	-	5,120	1,040	9,450	943	8,045	4,175	4,205	423	4,598
Prior year										
Refunds	-	1,800	1,651	-	440	1,025	20,680	657	204	3,959
Outstanding checks canceled	3,414	-	-	-	-	692	-	-	1,454	-
Insurance recovery	-	-	3,542	-	-	3,750	-	-	-	-
Workshop fee	-	-	-	-	150	3,490	2,745	-	3,000	-
iPad insurance	-	-	-	-	-	2,657	6,140	3,438	4,110	2,750
Miscellaneous	-	50	-	-	-	114	-	-	405	1,108
Annual totals	<u>\$ 2,443,190</u>	<u>\$ 176,542</u>	<u>\$ 152,192</u>	<u>\$ 77,056</u>	<u>\$ 29,852</u>	<u>\$ 45,035</u>	<u>\$ 58,481</u>	<u>\$ 30,623</u>	<u>\$ 91,798</u>	<u>\$ 98,382</u>

Source: District Records

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
By Constituent District-Town of Clinton
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 4,964,760	\$ 5,158,160	\$ 5,158,160	\$ 4,891,560	\$ 6,798,400	\$ 5,995,800	\$ 6,050,500	\$ 5,149,900	\$ 5,154,400	\$ 4,752,700
Residential	319,427,500	318,510,000	318,264,300	314,374,900	268,505,400	265,511,000	266,926,800	270,059,300	274,311,500	278,608,000
Farm regular	211,800	211,800	-	-	-	119,750	119,750	119,750	119,750	119,750
Q farm	59,300	59,300	38,200	38,200	38,200	53,850	45,700	46,500	44,300	49,800
Commercial	90,159,550	89,984,350	89,369,300	81,246,500	75,335,700	73,645,300	73,680,100	72,417,800	72,190,800	72,392,800
Industrial	-	-	-	-	-	-	-	-	-	-
Apartment	10,990,800	10,990,800	9,638,600	9,638,600	8,694,800	8,401,300	8,401,300	9,791,600	15,228,800	16,994,900
Total assessed value	425,813,710	424,914,410	422,468,560	410,189,760	359,372,500	353,727,000	355,224,150	357,584,850	367,049,550	372,917,950
Public utilities (a)	753,165	1,056,564	1,150,337	1,207,689	1,207,689	-	-	-	-	-
Net valuation taxable	\$ 426,566,875	\$ 425,970,974	\$ 423,618,897	\$ 411,397,449	\$ 360,580,189	\$ 353,727,000	\$ 355,224,150	\$ 357,584,850	\$ 367,049,550	\$ 372,917,950
Estimated actual county equalized value	\$ 420,954,544	\$ 419,286,974	\$ 401,632,430	\$ 390,744,000	\$ 378,185,031	\$ 381,523,007	\$ 382,454,942	\$ 382,402,791	\$ 387,632,855	\$ 387,286,271
Percentage of net valuation to estimated actual equalized value	101.33%	101.59%	105.47%	105.29%	95.34%	92.71%	92.88%	93.51%	94.69%	96.29%
Total direct school tax rate (b)	\$ 1.108	\$ 1.150	\$ 1.165	\$ 1.200	\$ 1.379	\$ 1.425	\$ 1.443	\$ 1.424	\$ 1.403	\$ 1.372

Source: Municipal Tax Assessor

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

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

* Revalued/Reassessed

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property (continued)
By Constituent District-Borough of Glen Gardner
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 1,363,103	\$ 1,363,103	\$ 1,363,103	\$ 1,331,803	\$ 1,239,203	\$ 1,325,403	\$ 1,241,203	\$ 1,241,203	\$ 1,308,003	\$ 1,171,103
Residential	128,763,800	129,175,200	128,684,700	128,702,700	128,632,500	129,138,100	129,097,500	129,471,200	129,537,400	130,257,300
Farm regular	2,430,300	2,430,300	2,430,300	2,430,300	2,479,000	1,965,400	1,960,900	1,960,900	1,960,900	2,003,500
Q farm	50,937	50,937	50,687	50,687	50,687	38,542	44,758	44,758	44,958	44,958
Commercial	4,869,500	4,869,500	4,869,500	4,869,500	4,869,500	4,823,300	4,823,300	4,823,300	4,904,700	4,746,100
Industrial	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600
Apartment	1,205,200	1,205,200	1,205,200	1,205,200	1,205,200	1,205,200	1,212,500	1,212,500	1,212,500	1,212,500
Total assessed value	139,251,440	139,662,840	139,172,090	139,158,790	139,044,690	139,064,545	138,948,761	139,322,461	139,537,061	140,004,061
Public utilities (a)	251,474	251,474	289,166	289,166	-	-	-	-	-	-
Net valuation taxable	\$ 139,502,914	\$ 139,914,314	\$ 139,461,256	\$ 139,447,956	\$ 139,044,690	\$ 139,064,545	\$ 138,948,761	\$ 139,322,461	\$ 139,537,061	\$ 140,004,061
Estimated actual county equalized value	\$ 198,633,379	\$ 188,971,251	\$ 181,519,271	\$ 171,924,493	\$ 162,454,364	\$ 157,585,366	\$ 155,042,135	\$ 154,510,881	\$ 155,455,727	\$ 159,204,072
Percentage of net valuation to estimated actual equalized value	70.23%	74.04%	76.83%	81.11%	85.59%	88.25%	89.62%	90.17%	89.76%	87.94%
Total direct school tax rate (b)	\$ 1.087	\$ 1.115	\$ 1.176	\$ 1.192	\$ 1.220	\$ 1.212	\$ 1.266	\$ 1.327	\$ 1.425	\$ 1.567

Source: Municipal Tax Assessor

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

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

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property (continued)
All Constituent Districts Combined
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 6,327,863	\$ 6,521,263	\$ 6,521,263	\$ 6,223,363	\$ 8,037,603	\$ 7,321,203	\$ 7,291,703	\$ 6,391,103	\$ 6,462,403	\$ 5,923,803
Residential	448,191,300	447,685,200	446,949,000	443,077,600	397,137,900	394,649,100	396,024,300	399,530,500	403,848,900	408,865,300
Farm regular	2,642,100	2,642,100	2,430,300	2,430,300	2,479,000	2,085,150	2,080,650	2,080,650	2,080,650	2,123,250
Q farm	110,237	110,237	88,887	88,887	88,887	92,392	90,458	91,258	89,258	94,758
Commercial	95,029,050	94,853,850	94,238,800	86,116,000	80,205,200	78,468,600	78,503,400	77,241,100	77,095,500	77,138,900
Industrial	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600
Apartment	12,196,000	12,196,000	10,843,800	10,843,800	9,900,000	9,606,500	9,613,800	11,004,100	16,441,300	18,207,400
Total assessed value	565,065,150	564,577,250	561,640,650	549,348,550	498,417,190	492,791,545	494,172,911	496,907,311	506,586,611	512,922,011
Public utilities (a)	1,004,639	1,308,038	1,439,503	1,496,855	1,207,689	-	-	-	-	-
Net valuation taxable	\$ 566,069,789	\$ 565,885,288	\$ 563,080,153	\$ 550,845,405	\$ 499,624,879	\$ 492,791,545	\$ 494,172,911	\$ 496,907,311	\$ 506,586,611	\$ 512,922,011
Estimated actual county equalized value	\$ 619,587,923	\$ 608,258,225	\$ 583,151,701	\$ 562,668,493	\$ 540,639,395	\$ 539,108,373	\$ 537,497,077	\$ 536,913,672	\$ 543,088,582	\$ 546,490,343
Percentage of net valuation to estimated actual equalized value	91.36%	93.03%	96.56%	97.90%	92.41%	91.41%	91.94%	92.55%	93.28%	93.86%
Total direct school tax rate (b)	\$ 2.195	\$ 2.265	\$ 2.341	\$ 2.392	\$ 2.599	\$ 2.637	\$ 2.709	\$ 2.751	\$ 2.828	\$ 2.939

Source: Municipal Tax Assessor

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

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

* Revalued/Reassessed

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
By Constituent District-Town of Clinton
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County	
			Total Direct School Tax Rate					
2009	\$ 0.980	\$ 0.130	\$ 1.110	\$ 0.500	\$ 0.440	\$ 0.340	\$ 2.390	
2010	1.030	0.120	1.150	0.510	0.460	0.340	2.460	
2011	1.040	0.120	1.160	0.520	0.460	0.320	2.460	
2012	1.080	0.120	1.200	0.530	0.480	0.330	2.540	
2013	* 1.230	0.150	1.380	0.590	0.630	0.370	2.970	
2014	1.270	0.150	1.420	0.570	0.690	0.400	3.080	
2015	1.367	0.073	1.440	0.540	0.740	0.400	3.120	
2016	1.350	0.074	1.424	0.544	0.789	0.398	3.155	
2017	1.331	0.072	1.403	0.559	0.803	0.392	3.157	
2018	* 1.299	0.072	1.372	0.579	0.817	0.393	3.161	

Sources: Municipal Tax Collector

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

(a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.

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

* Revalued/Reassessed

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates (continued)
By Constituent District-Borough of Glen Gardner
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality		County		
2009	\$ 1.090	\$ -	\$ 1.090	\$ 0.790	\$ 0.460	\$ 0.490	\$ 2.830	
2010	1.110	-	1.120	0.760	0.480	0.460	2.820	
2011	1.180	-	1.180	0.740	0.490	0.450	2.860	
2012	1.190	-	1.190	0.690	0.500	0.440	2.820	
2013	1.220	-	1.220	0.690	0.530	0.420	2.860	
2014	1.210	-	1.210	0.740	0.580	0.420	2.950	
2015	1.240	-	1.270	0.650	0.620	0.420	2.960	
2016	1.297	0.030	1.327	0.673	0.630	0.413	3.043	
2017	1.393	0.032	1.425	0.575	0.639	0.413	3.052	
2018	1.533	0.034	1.567	0.556	0.644	0.429	3.196	

Sources: Municipal Tax Collector

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

(a) The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

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

* Revalued/Reassessed

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Principal Property Taxpayers
By Constituent District-Town of Clinton
Current Year and Nine Years Ago

	2018			2009		
	Taxable Assessed		% of Total District Net	Taxable Assessed		% of Total District Net
	Value	Rank	Assessed Value	Value	Rank	Assessed Value
Park Valley Clinton LLC	\$ 7,159,700	1	1.92%	\$ -	-	-
SNG Properties LLC	4,302,600	2	1.15%	-	-	-
FMCD Realty LP C/O M Lazowsky	3,900,000	3	1.05%	2,079,600	8	0.49%
Highway 22 Grocery Owners LLC	3,632,500	4	0.97%	-	-	-
Unity Bancorp Inc	3,347,400	5	0.90%	-	-	-
Goldstar Property LLC	3,290,400	6	0.88%	3,396,800	5	0.79%
Clinton Garden Associates	2,979,500	7	0.80%	3,938,500	3	0.92%
Rowland House LLC/ Clinton II	2,777,500	8	0.74%	4,152,200	2	0.97%
Main Street LLC	2,071,800	9	0.56%	-	-	-
Chrisellan Investors, Partnership	1,788,500	10	0.48%	2,164,200	7	0.51%
Clinton Hotel Associates	-	-	-	7,810,000	1	1.83%
Clinton Unity Group	-	-	-	3,780,800	4	0.89%
Great Atlantic & Pacific Tea Co	-	-	-	2,887,000	6	0.68%
Individual Property Owner	-	-	-	1,649,600	9	0.39%
Clinton Management Group LLC	-	-	-	1,550,000	10	0.36%
	<u>\$ 35,249,900</u>		<u>9.45%</u>	<u>\$ 33,408,700</u>		<u>7.83%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Principal Property Taxpayers (continued)
By Constituent District-Borough of Glen Gardner
Current Year and Nine Years Ago

	2018			2009		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Individual Property Owner	\$ 990,400	1	0.71%	\$ 1,216,700	1	0.87%
Individual Property Owner	940,100	2	0.67%	866,200	2	0.62%
Eastern Concrete Materials	794,500	3	0.57%	794,500	3	0.57%
Individual Property Owner	604,900	4	0.43%	654,100	4	0.47%
NEC Holdings LLC	599,000	5	0.43%	-	-	-
Individual Property Owner	595,700	6	0.43%	653,467	5	0.47%
Glen Gardner Partnership	585,500	7	0.42%	585,500	6	0.42%
Individual Property Owner	535,400	8	0.38%	535,400	8	0.38%
Terminus Occidentalis	531,200	9	0.38%	531,200	10	0.38%
Individual Property Owner	516,850	10	0.37%	531,600	9	0.38%
Federal National Mortgage Assoc	-	-	-	-	-	-
Heartland Incorporated	-	-	-	584,000	7	0.42%
Individual Property Owner	-	-	-	-	-	-
	<u>\$ 6,693,550</u>		<u>4.79%</u>	<u>\$ 6,952,667</u>		<u>4.98%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Property Tax Levies and Collections - Local Tax Levy by Constituent District
Last Eight Fiscal Years

Fiscal Year Ended June 30,	Total	Town of Clinton		Borough of Glen Gardner	
		General	Debt Service	General	Debt Service
2011	\$ 6,488,801	\$ 4,418,753	\$ 509,311	\$ 1,560,737	\$ -
2012	6,581,417	4,415,494	526,121	1,639,802	-
2013	6,587,841	4,392,907	532,545	1,662,389	-
2014	6,714,064	4,478,679	537,661	1,697,724	-
2015	6,801,726	4,614,245	501,796	1,685,685	-
2016	6,844,497	4,828,040	258,100	1,718,994	39,363
2017	7,028,768	4,880,678	267,993	1,838,472	41,625
2018	7,164,856	4,879,015	268,516	1,974,517	42,808

Source: District Records

Note:

- (a) Effective for the school year 2009-2010 the school districts of the Town of Clinton and Borough of Glen Gardner merged to operate as one entity. Prior to the merger the Borough of Glen Gardner was a sending district to the Town of Clinton on a tuition basis. As such, some financial data may not be comparable.

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Property Tax Levies and Collections (continued)
By Constituent District-Town of Clinton
Last Eight Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2011	\$ 4,928,064	\$ 4,928,064	100.00%
2012	4,941,615	4,941,615	100.00%
2013	4,925,452	4,925,452	100.00%
2014	5,016,340	5,016,340	100.00%
2015	5,116,041	5,116,041	100.00%
2016	5,086,140	5,086,140	100.00%
2017	5,148,671	5,148,671	100.00%
2018	5,147,531	5,147,531	100.00%

Source: District Records including the Certificate and Report of School Taxes (A4F Form)

Note: Effective for the school year 2009-2010 the school districts of the Town of Clinton and Borough of Glen Gardner merged to operate as one entity. Prior to the merger the Borough of Glen Gardner was a sending district to the Town of Clinton on a tuition basis. As such, some financial data may not be comparable.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Property Tax Levies and Collections (continued)
By Constituent District-Borough of Glen Gardner
Last Eight Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2011	\$ 1,560,737	\$ 1,560,737	100.00%
2012	1,639,802	1,639,802	100.00%
2013	1,662,389	1,662,389	100.00%
2014	1,697,724	1,697,724	100.00%
2015	1,685,685	1,685,685	100.00%
2016	1,718,994	1,718,994	100.00%
2017	1,838,472	1,687,766	91.80%
2018	1,974,517	2,125,223	107.63%

Source: District Records including the Certificate and Report of School Taxes (A4F Form)

Note: Effective for the school year 2009-2010 the school districts of the Town of Clinton and Borough of Glen Gardner merged to operate as one entity. Prior to the merger the Borough of Glen Gardner was a sending district to the Town of Clinton on a tuition basis. As such, some financial data may not be comparable.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2009	\$ 3,450,000	\$ -	\$ 198,983	\$ -	\$ -	\$ 3,648,983	1.17%	\$ 807
2010	3,130,000	-	121,478	-	-	3,251,478	1.00%	718
2011	2,725,000	-	41,205	-	-	2,766,205	0.83%	590
2012	2,310,000	-	200,834	-	-	2,510,834	0.74%	538
2013	1,870,000	-	121,974	-	-	1,991,974	0.57%	429
2014	1,405,000	-	41,158	-	-	1,446,158	0.41%	312
2015	3,059,000	-	-	-	-	3,059,000	0.85%	663
2016	2,784,000	-	-	-	-	2,784,000	0.75%	606
2017	3,449,000	-	-	-	-	3,449,000	0.91%	745
2018	2,804,000	-	-	-	-	2,804,000	N/A	606

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 3,450,000	\$ -	\$ 3,450,000	0.81%	\$ 807
2010	3,130,000	-	3,130,000	0.55%	691
2011	2,725,000	-	2,725,000	0.48%	581
2012	2,310,000	-	2,310,000	0.42%	495
2013	1,870,000	-	1,870,000	0.37%	403
2014	1,405,000	-	1,870,000	0.38%	404
2015	3,059,000	-	3,059,000	0.62%	663
2016	2,784,000	-	2,784,000	0.56%	606
2017	3,449,000	-	3,449,000	0.68%	745
2018	2,804,000	-	2,804,000	0.55%	606

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

Effective for the school year 2009-2010 the School Districts of the Town of Clinton and the Borough of Glen Gardner merged to operated as one entity. Information prior to the school year 2009-2010 is based only on the Town of Clinton.

(a) See Exhibit J-7 for property tax data.

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

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
By Constituent District-Town of Clinton
As of December 31, 2017

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 3,568,149	100.00%	\$ 3,568,149
Regional High School	9,743,000	4.71%	459,180
County general obligation debt	85,249,037	1.81%	1,541,722
Subtotal, overlapping debt			5,569,050
School district direct debt			2,518,105
Total direct and overlapping debt			\$ 8,087,155

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

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

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

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt (continued)
By Constituent District-Borough of Glen Gardner
As of December 31, 2017

Governmental Unit	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Municipality	\$ 1,544,362	100.00%	\$ 1,544,362
Regional High School	9,743,000	1.91%	185,941
County general obligation debt	85,249,037	0.73%	624,308
Subtotal, overlapping debt			2,354,612
School district direct debt			790,895
Total direct and overlapping debt			\$ 3,145,507

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

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

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

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized Valuation Basis	
	2017	\$ 544,350,815
	2016	543,263,145
	2015	536,057,893
		\$ 1,623,671,853
Average equalized valuation of taxable property		\$ 541,223,951
Debt limit (3.0% of average equalization value)	(a)	\$ 16,236,719
Total net debt applicable to limit		2,804,000
Legal debt margin		\$ 13,432,719

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 16,530,684	\$ 16,170,134	\$ 16,100,929	\$ 16,163,220	\$ 16,236,719
Total net debt applicable	3,509,000	3,059,000	2,784,000	3,449,000	2,804,000
Legal debt margin	\$ 13,021,684	\$ 13,111,134	\$ 13,316,929	\$ 12,714,220	\$ 13,432,719
Total net debt applicable to the limit as a percentage of debt limit	21.23%	18.92%	17.29%	21.34%	17.27%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 12,832,722	\$ 18,724,350	\$ 18,243,612	\$ 17,813,780	\$ 17,007,105
Total net debt applicable	3,450,000	3,130,000	2,725,000	2,310,000	1,870,000
Legal debt margin	\$ 9,382,722	\$ 15,594,350	\$ 15,518,612	\$ 15,503,780	\$ 15,137,105
Total net debt applicable to the limit as a percentage of debt limit	26.88%	16.72%	14.94%	12.97%	11.00%

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

(a) Limit Set by N.J.S.A. 18A:24-19

Note: Effective for the school year 2009-2010 the School Districts of the Town of Clinton and the Borough of Glen Gardner merged to operated as one entity. Information prior to the school year 2009-2010 is based only on the Town of Clinton.

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Demographic and Economic Statistics
By Constituent District-Town-of-Clinton
Last Ten Fiscal Years

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2009	2,567	\$ 183,612,376	\$ 71,528	5.5%
2010	2,717	193,588,967	71,251	5.6%
2011	2,702	196,740,726	72,813	5.5%
2012	2,688	203,347,200	75,650	5.7%
2013	2,685	202,406,040	75,384	7.6%
2014	2,675	209,455,175	78,301	4.6%
2015	2,662	214,623,750	80,625	3.7%
2016	2,706	222,186,954	82,109	3.5%
2017	2,701	N/A	N/A	3.3%
2018	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Demographic and Economic Statistics (continued)
By Constituent District-Borough of Glen Gardner
Last Ten Fiscal Years

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2009	1,961	\$ 140,266,408	\$ 71,528	5.2%
2010	1,974	140,649,474	71,251	5.3%
2011	1,964	143,004,732	72,813	5.2%
2012	1,953	147,744,450	75,650	5.4%
2013	1,948	146,848,032	75,384	4.9%
2014	1,940	151,903,940	78,301	5.1%
2015	1,935	156,009,375	80,625	4.3%
2016	1,925	158,059,825	82,109	4.2%
2017	1,924	N/A	N/A	3.4%
2018	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

**CLINTON-GLEN GARDNER SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago**

2018

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2009

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function/Program										
Instruction										
Regular	39.3	35.2	33.2	29.8	33.2	34.2	35.5	36.4	36.4	36.7
Special education	22.0	19.0	19.0	18.0	19.0	19.5	18.0	16.5	16.5	16.2
Support services										
Student and instruction related services	11.2	12.4	12.9	12.9	11.9	10.9	9.4	11.5	11.5	11.5
General administration	2.2	1.5	1.5	1.5	1.5	1.5	0.9	1.4	1.3	1.5
School administration services	2.5	3.3	2.3	2.3	2.3	2.3	2.5	2.0	2.0	2.0
Central services	1.8	1.9	1.9	1.9	1.8	1.8	2.0	2.1	2.1	2.1
Plant operations and maintenance	-	0.9	-	-	-	5.0	4.6	4.6	4.8	4.7
Total	<u>79.0</u>	<u>74.2</u>	<u>70.8</u>	<u>66.4</u>	<u>69.7</u>	<u>75.2</u>	<u>72.9</u>	<u>74.5</u>	<u>74.6</u>	<u>74.7</u>

Source: District Personnel Records

See independent auditors' report.

**CLINTON-GLEN GARDNER SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2009	532	\$ 7,571,004	\$ 14,231	3.07%	49	1 to 10.80	533.6	511.0	-1.59%	95.76%
2010	517	8,176,702	15,816	11.13%	44	1 to 11.80	521.4	498.6	-2.29%	95.63%
2011	507	7,686,656	15,161	-4.14%	42	1 to 12.06	508.9	484.2	-2.40%	95.15%
2012	496	7,735,726	15,596	2.87%	42	1 to 11.75	492.1	472.7	-3.30%	96.06%
2013	477	8,316,845	17,436	11.79%	43	1 to 11.25	477.1	457.4	-3.05%	95.87%
2014	478	8,022,977	16,784	-3.74%	43	1 to 11.12	475.4	455.5	-0.36%	95.81%
2015	480	8,230,203	17,146	2.16%	44	1 to 11.00	483.9	464.5	1.80%	95.98%
2016	460	8,953,494	19,464	13.52%	46	1 to 11.10	455.8	436.8	-5.81%	95.83%
2017	454	8,981,051	19,782	1.63%	46	1 to 9.60	442.3	423.9	-2.96%	95.84%
2018	447	9,517,127	21,291	7.63%	46	1 to 9.70	443.9	424.6	0.36%	95.65%

Source: District Records

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

See independent auditors' report.

**CLINTON-GLEN GARDNER SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years**

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary (1923)										
Square feet	75,668	75,668	75,668	75,668	75,668	75,668	75,668	75,668	75,668	75,668
Capacity (students)	605	605	605	605	605	605	605	605	605	605
Enrollment	532	517	507	496	477	478	480	456	442	429

Number of schools at June 30, 2018

 Elementary 1

Source: District Facilities Office

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

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>	<u>Total</u>
2009	\$ 66,116	\$ 66,116
2010	75,229	75,229
2011	45,886	45,886
2012	144,525	144,525
2013	153,784	153,784
2014	160,104	160,104
2015	149,592	149,592
2016	152,020	152,020
2017	233,910	233,910
2018	274,254	274,254
Total school facilities	<u>\$ 1,455,420</u>	<u>\$ 1,455,420</u>

Note: School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Insurance Schedule
June 30, 2018
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - NJ School Insurance Group		
Property - Building Blanket and Contents (Fund Limit)	\$ 450,000,000	\$ 5,000
General Liability	16,000,000	-
Workmen's Compensation	2,000,000	-
School Board Legal Liability	16,000,000	5,000
Crime/Dishonesty	1,000,000	1,000
Student Accident - Bollinger Insurance Co.		
Student Accident Policy	5,000,000	-
Catastrophe - Fireman's Fund	50,000,000	-
Public Employees' Faithful Performance - Selective Insurance		
Treasurer	180,000	-
School Board Secretary	175,000	-

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Clinton-Glen Gardner School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



BKC, CPAs, PC



Michael Holk, CPA, PSA

February 22, 2019
Flemington, New Jersey



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

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

Report on Compliance for Each Major State Program

We have audited the Clinton-Glen Gardner School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



BKC, CPAs, PC



Michael Holk, CPA, PSA

February 22, 2019
Flemington, New Jersey

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Federal	FAIN Number	Project Number	Program or Award Amount	Grant		Balance 06/30/17	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment	Balance June 30, 2018		
	CFDA Number				Period From	Period To						of Prior Year Balance	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education															
Special revenue fund															
Title I A	84.010A	S010S160030	NCLB-0910-17	\$ 25,346	07/01/16	06/30/17	\$(11,828)	\$ -	\$ 18,411	\$ 6,583	\$ -	\$ -	\$ -	\$ -	\$ -
Title I A	84.010A	S010S170030	ESSA-0910-18	29,882	07/01/17	06/30/18	-	-	29,882	46,880	16,998	-	-	-	-
Title II A	84.367A	S367A160029	NCLB-0910-17	9,109	07/01/16	06/30/17	(3,703)	-	3,703	-	-	-	-	-	-
Title II A	84.367A	S367A170029	ESSA-0910-18	6,998	07/01/17	06/30/18	-	-	6,998	-	(6,998)	-	-	-	-
Title IV	84.424	S424A170031	ESSA-0910-18	10,000	07/01/17	06/30/18	-	-	10,000	-	(10,000)	-	-	-	-
IDEA basic	84.027	H027A160100	IDEA-0910-17	120,019	07/01/16	06/30/17	(3,448)	-	3,448	-	-	-	-	-	-
IDEA basic	84.027	H027A170100	IDEA-0910-18	118,519	07/01/17	06/30/18	-	-	118,519	118,519	-	-	-	-	-
IDEA preschool	84.173	H173S160114	IDEA-0910-17	5,441	07/01/16	06/30/17	(5,441)	-	5,441	-	-	-	-	-	-
IDEA preschool	84.173	H173S170114	IDEA-0910-18	5,415	07/01/17	06/30/18	-	-	5,415	5,415	-	-	-	-	-
Total special revenue fund							<u>(24,420)</u>	<u>-</u>	<u>201,817</u>	<u>177,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Agriculture															
Enterprise fund															
Child nutrition center															
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	12,274	10/01/16	09/30/17	1,396	-	-	1,396	-	-	-	-	-
National school lunch program non-cash assistance (commodities)	10.555	181NJ304N1099	N/A	11,346	10/01/17	09/30/18	-	-	11,346	9,953	-	-	-	1,393	-
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	28,121	10/01/16	09/30/17	(3,021)	-	3,021	-	-	-	-	-	-
National school lunch program cash assistance	10.555	181NJ304N1099	N/A	27,308	10/01/17	09/30/18	-	-	25,547	27,308	-	-	(1,761)	-	-
Total enterprise fund							<u>(1,625)</u>	<u>-</u>	<u>39,914</u>	<u>38,657</u>	<u>-</u>	<u>-</u>	<u>(1,761)</u>	<u>1,393</u>	<u>-</u>
Total federal financial assistance							<u>\$(26,045)</u>	<u>\$ -</u>	<u>\$241,731</u>	<u>\$216,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,761)</u>	<u>\$ 1,393</u>	<u>\$ -</u>

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash Received	Budgetary Expenditure	Adjustment Repayments	Balance June 30, 2018			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	18-495-034-5120-089	\$ 227,785	07/01/17	06/30/18	\$ -	\$ -	\$ 205,266	\$ 227,785	\$ -	\$ -	\$ -	\$ -	\$ 22,519	\$ 227,785
Equalization aid	18-495-034-5120-078	642,932	07/01/17	06/30/18	-	-	579,370	642,932	-	-	-	-	63,562	642,932
School choice aid	18-495-034-5120-068	39,591	07/01/17	06/30/18	-	-	35,677	39,591	-	-	-	-	3,914	39,591
Security aid	18-495-034-5120-084	26,989	07/01/17	06/30/18	-	-	24,321	26,989	-	-	-	-	2,668	26,989
Adjustment aid	18-495-034-5120-085	272,233	07/01/17	06/30/18	-	-	245,319	272,233	-	-	-	-	26,914	272,233
Transportation aid	18-495-034-5120-014	28,503	07/01/17	06/30/18	-	-	25,686	28,503	-	-	-	-	2,817	28,503
PARCC readiness aid	18-495-034-5120-098	4,620	07/01/17	06/30/18	-	-	4,163	4,620	-	-	-	-	457	4,620
Per pupil growth aid	18-495-034-5120-097	4,620	07/01/17	06/30/18	-	-	4,163	4,620	-	-	-	-	457	4,620
Professional learning community aid	18-495-034-5120-101	4,380	07/01/17	06/30/18	-	-	3,946	4,380	-	-	-	-	434	4,380
Extraordinary aid	18-100-034-5120-473	84,016	07/01/17	06/30/18	-	-	-	84,016	-	(84,016)	-	-	-	84,016
Extraordinary aid	17-100-034-5120-473	174,245	07/01/16	06/30/17	(174,245)	-	174,245	-	-	-	-	-	-	174,245
Non-public transportation aid	18-495-034-5120-014	2,521	07/01/17	06/30/18	-	-	-	2,521	-	(2,521)	-	-	-	2,521
Non-public transportation aid	17-495-034-5120-014	2,105	07/01/16	06/30/17	(2,105)	-	2,105	-	-	-	-	-	-	2,105
On behalf TPAF pension contribution - teachers' pension & annuity fund	18-495-034-5094-002	553,889	07/01/17	06/30/18	-	-	553,889	553,889	-	-	-	-	-	553,889
On behalf TPAF pension contribution - non-contributory insurance	18-495-034-5094-004	13,442	07/01/17	06/30/18	-	-	13,442	13,442	-	-	-	-	-	13,442
On behalf TPAF pension contribution - post retirement medical	18-495-034-5094-001	366,427	07/01/17	06/30/18	-	-	366,427	366,427	-	-	-	-	-	366,427
On behalf TPAF pension contribution - long-term disability insurance	18-495-034-5094-004	687	07/01/17	06/30/18	-	-	687	687	-	-	-	-	-	687
Reimbursed TPAF social security contribution	18-495-034-5094-003	282,082	07/01/17	06/30/18	-	-	268,508	282,082	-	(13,574)	-	-	-	282,082
Total general fund					<u>(176,350)</u>	<u>-</u>	<u>2,507,214</u>	<u>2,554,717</u>	<u>-</u>	<u>(100,111)</u>	<u>-</u>	<u>-</u>	<u>123,742</u>	<u>2,731,067</u>
State Department of Education														
Debt service fund														
Debt service aid - state support	18-495-034-5120-017	78,779	07/01/17	06/30/18	-	-	78,779	78,779	-	-	-	-	-	78,779
Total debt service fund					<u>-</u>	<u>-</u>	<u>78,779</u>	<u>78,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,779</u>
State Department of Agriculture														
Enterprise fund														
State school lunch program	17-100-010-3350-023	1,235	07/01/16	06/30/17	(77)	-	77	-	-	-	-	-	-	1,235
State school lunch program	18-100-010-3350-023	1,352	07/01/17	06/30/18	-	-	1,273	1,352	-	(79)	-	-	-	1,352
Total enterprise fund					<u>(77)</u>	<u>-</u>	<u>1,350</u>	<u>1,352</u>	<u>-</u>	<u>(79)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,587</u>
Total State financial assistance					<u>\$ (176,427)</u>	<u>\$ -</u>	<u>\$ 2,587,343</u>	<u>2,634,848</u>	<u>\$ -</u>	<u>\$ (100,190)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,742</u>	<u>\$ 2,812,433</u>
Less: On behalf TPAF pension system contributions								(934,445)						
Total for state financial assistance - major program determination								<u>\$ 1,700,403</u>						

See independent auditors' report.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Clinton-Glen Gardner School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's Basic Financial Statements.

Note 3 - Relationship of financial statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,886 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's Basic Financial Statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 2,552,831	\$ 2,552,831
Special revenue fund	177,397	-	177,397
Debt service fund	-	78,779	78,779
Food service fund	38,657	1,352	40,009
Total awards and financial assistance	\$ 216,054	\$ 2,632,962	\$ 2,849,016

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2018.

**CLINTON-GLEN GARDNER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

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

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

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?

Yes No

Identification of Major Programs:

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

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

Did the auditee qualify as a low-risk auditee?

Yes No

**CLINTON-GLEN GARDNER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018**

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<i>18-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>18-495-034-5120-078</i>	<i>Equalization Aid</i>
<i>18-495-034-5120-084</i>	<i>Security Aid</i>
<i>18-495-034-5120-085</i>	<i>Adjustment Aid</i>
<i>18-495-034-5120-068</i>	<i>School Choice Aid</i>
<i>18-495-034-5120-097</i>	<i>Per Pupil Growth Aid</i>
<i>18-495-034-5120-098</i>	<i>PARCC Readiness Aid</i>
<i>18-495-034-5120-101</i>	<i>Professional Learning Community Aid</i>
<i>18-495-034-5094-003</i>	<i>Reimbursed TPAF Social Security Contribution</i>

**CLINTON-GLEN GARDNER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2018**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2018.

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

There were no findings or questioned costs for the year ended June 30, 2018.

**CLINTON-GLEN GARDNER SCHOOL DISTRICT
Summary Schedule of Prior-year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2018**

Status of Prior Year Findings

There were no prior year findings or questioned costs.