

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
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## **INTRODUCTORY SECTION**

*Nikolaos C. Koutsogiannis*  
*Superintendent of Schools*



*Frances C. Adler*  
*Business Administrator*

December 18, 2019

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

Dear Board Members:

We are submitting the Comprehensive Annual Financial Report of the Clayton Public School District for the fiscal year ended June 30, 2019. The management of the Board of Education is responsible for the accuracy of the data as well as the completeness and fairness of the presentation including all disclosures. To the best of our knowledge, the data presented in this report is accurate and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All necessary disclosures have been included to enable the reader to gain an understanding of the District's financial activities.

The annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officers. The financial section includes the general-purpose financial statements and schedules, as well as the auditors' report. The statistical section includes selected financial and demographic information. The District is required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance and the State of New Jersey Circular 15-08-OMB "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws, regulations, findings and questioned costs, are included in the single audit section of this report.

**REPORTING ENTITY AND ITS SERVICES:**

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

The Clayton Public School District provides a full range of educational services appropriate to grade levels PreK-12. These include regular and vocational programs as well as special education for the special needs students. The 2018-2019 In-District Students Enrollment was 1436, which is about one half of one-percent lower than the previous year.

**STUDENT ENROLLMENT:**

<b>FISCAL YEAR</b>	<b>STUDENT ENROLLMENT</b>	<b>% CHANGE</b>
2019	1436	-0.5%
2018	1443	-0.28%
2017	1447	-0.07%
2016	1448	+0.07%
2015	1447	+3.44%
2014	1399	+1.08%
2013	1384	+1.02%
2012	1370	-0.22%
2011	1373	-0.07%
2010	1374	+1.70%

**ECONOMIC CONDITION AND OUTLOOK:**

No new bond referendums were passed. A recent demographic study shows that enrollment is expected to stay steady; however, we learned of possible new construction after the study was completed. Our free and reduced lunch population remained steady at approximately 50%. We continue to pursue federal, state, and other grant sources to enhance programs and provide resources.

**DISTRICT GOALS:**

The following district-level goals were developed for the 2018-2019 school year:

- 1) Establish a District Technology Committee that will develop a plan to obtain certification from the New Jersey Department of Education as a Future Ready School District (Strategic Plan Goal 3)
- 2) Conduct a Safety and Security Audit and support recommendations for the 2018-2019 school year (Strategic Plan Goal 4)
- 3) Establish a K-12 Military and Career Day by June 2019 (Strategic Plan Goal 2)
- 4) Implement new Cyber Security Policies and Procedures (Strategic Plan Goal 3)



## **PROGRESS TOWARD GOALS AND OBJECTIVES:**

**DISTRICT GOAL 1: Establish a District Technology Committee that will develop a plan to obtain certification from the New Jersey Department of Education as a Future Ready School District (Strategic Plan Goal 3)**

- District Technology Committee team developed an initial application for review by the NJDOE.
- Updated Technology Literacy Plan and approved at the May BOE meeting.
- Revised and final application sent in June.

**DISTRICT GOAL 2: Conduct a Safety and Security Audit and support recommendations for the 2018-2019 school year (Strategic Plan Goal 4)**

- Safety and Security Audit has been completed: Enhance security at all entrances, upgrade lighting, replace analog security cameras with digital, install additional amber lights, new visitor ID card system.

**DISTRICT GOAL 3: Establish a K-12 Military and Career Day by June 2019 (Strategic Plan Goal 2)**

- Military and Career day was held on Wednesday, March 20th

**DISTRICT GOAL 4: Implement new Cyber Security Policies and Procedures (Strategic Plan Goal 3)**

- Staff required to change passwords every 3 months
- Conducted a cyber-security drill
- Approved Policy #1069.02 BOE use of Social Networks and Policy#5516 Student Tracking Devices
- Budgeted for cyber security software for 2019-2020 School year

## **FINANCIAL INFORMATION AT FISCAL YEAR-END:**

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

**DEBT ADMINISTRATION:**

At June 30, 2019, the District's outstanding debt issues amount to \$17,227,000

**CASH MANAGEMENT:**

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

New Jersey Governmental Unit Deposit Protection Act (NJGUDPA) permits the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or in the State of New Jersey Cash Management Fund. The Board uses a money market fund investing in United States Treasury obligations, which is neither insured nor guaranteed by a governmental agency; however, it is acceptable under New Jersey Statute 18A:20-37. All such deposits are held in the Board's name.

**RISK MANAGEMENT:**

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

**OTHER INFORMATION:**

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

**AWARDS:**

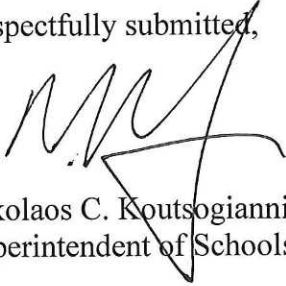
1. Teachers of the Year:      Elementary School Teacher – Gina Davis  
   Middle School Teacher – Tisa Catalbiano  
   High School Teacher – Sherie Craig
  
2. New Grant Awards:        PowerSave Grant (SJ Gas) - \$2,000  
   Rethink Your Drink            - \$8,000

**ACKNOWLEDGEMENTS:**

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

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

Respectfully submitted,

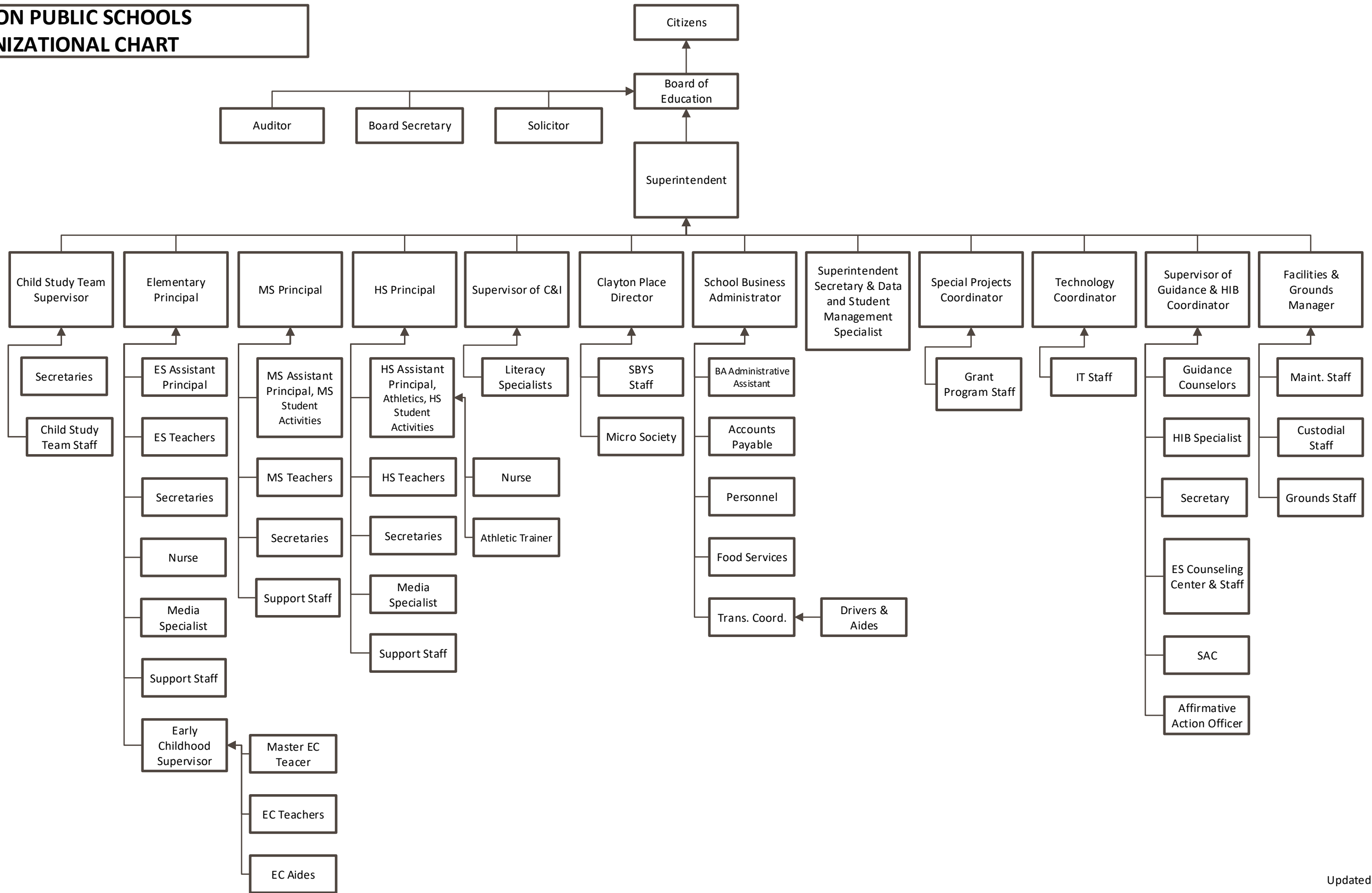


Nikolaos C. Koutsogiannis  
Superintendent of Schools



Frances C. Adler  
School Business Administrator/Board Secretary

**CLAYTON PUBLIC SCHOOLS  
ORGANIZATIONAL CHART**



CLAYTON BOARD OF EDUCATION  
CLAYTON, NEW JERSEY

**ROSTER OF OFFICIALS**

As of June 30, 2019

Members of the Board of Education	Term Expires
Paul Connell, President	2021
Robin Roche, Vice President	2021
Steven Awalt	2021
Megan Colon	2019
Ron Durham	2020
Anthony Grafton	2019
Jeremiah Long	2020
April Ward	2019
Vacancy (Milton Reuter)	2020

Nikolaos Koutsogiannis, Superintendent of Schools  
Frances Adler, School Business Administrator/Board Secretary  
Debbie Swietanski, Treasurer of School Funds

CLAYTON BOARD OF EDUCATION  
CLAYTON, NEW JERSEY

**CONSULTANTS AND ADVISORS**

Architect

Garrison Architects  
713 Creek Road  
Bellmawr, NJ 08031

Audit Firm

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

Attorney

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

Official Depositories

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

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

Special Counsel

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

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Clayton School District in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, major fund, and the aggregate remaining fund information of the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's pension contributions, and schedule of changes in the School District's total OPEB liability and related ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Clayton School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019 on our consideration of the Borough of Clayton School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Clayton School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Clayton School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman + Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Glen J. Walton*

Glen J. Walton  
Certified Public Accountant  
Public School Accountant  
No. 20CS0020500

Voorhees, New Jersey  
December 18, 2019

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 18, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Clayton School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the 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, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

*Bowman + Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Glen J. Walton*

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

Voorhees, New Jersey  
December 18, 2019

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited)

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The management's discussion and analysis of the Borough of Clayton School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019 and 2018. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

**FINANCIAL HIGHLIGHTS**

Financial Highlights for fiscal year 2019:

- The assets of the Borough of Clayton School District exceeded its liabilities at the close of the most recent fiscal year by \$9,055,200 (net position).
- The School District's total net position decreased by \$1,086,014. This decrease is primarily attributable to the Borough of Clayton School District's decrease in long-term liabilities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$493,490, a decrease of \$627,715.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$539,165, which is an increase of \$41,096 in comparison with the prior year.
- The Borough of Clayton School District's total debt decreased by \$625,000, as a result of payment of general obligation bonds.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited) (Cont'd)

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

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

**Government-Wide Statements**

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

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

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

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

**Fund Financial Statements**

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

The School District has three kinds of funds:

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited) (Cont'd)

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 1 provides a summary of the School District's net position for fiscal years 2019 and 2018.

**TABLE 1**  
Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current and Other Assets	\$ 1,011,909	\$ 1,605,865	\$ (593,956)	-36.99%
Capital Assets	32,312,036	33,615,018	(1,302,982)	-3.88%
<b>Total Assets</b>	<b>33,323,945</b>	<b>35,220,883</b>	<b>(1,896,938)</b>	<b>-5.39%</b>
<b>Deferred Outflows of Resources:</b>				
Related to Pensions	1,215,821	1,610,749	(394,928)	100.00%
<b>Total Deferred Outflows of Resources</b>	<b>1,215,821</b>	<b>1,610,749</b>	<b>(394,928)</b>	<b>100.00%</b>
<b>Liabilities:</b>				
Long-Term Liabilities	21,705,523	23,236,046	(1,530,523)	-6.59%
Other Liabilities	1,754,278	1,695,374	58,904	3.47%
<b>Total Liabilities</b>	<b>23,459,801</b>	<b>24,931,420</b>	<b>(1,471,619)</b>	<b>-5.90%</b>
Deferred Inflow of Resources - Related to Pensions	2,024,765	1,758,998	265,767	100.00%
<b>Net Position:</b>				
Net Investment in Capital Assets	14,628,826	15,160,229	(531,403)	-3.51%
Restricted	480,760	934,619	(453,859)	-48.56%
Unrestricted (Deficit)	(6,054,386)	(5,953,634)	(100,752)	1.69%
<b>Total Net Position</b>	<b>\$ 9,055,200</b>	<b>\$ 10,141,214</b>	<b>\$ (1,086,014)</b>	<b>-10.71%</b>

Table 2 provides an illustration of the impact of the School District's Net Position for the effect of pension-related items.

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 1,215,821	\$ 1,610,749	\$ (394,928)	100.00%
Less: Net Pension Liability	(4,500,265)	(5,263,586)	763,321	-14.50%
Less: Deferred Inflows Related to Pensions	(2,024,765)	(1,758,998)	(265,767)	-100.00%
	<b>\$ (5,309,209)</b>	<b>\$ (5,411,835)</b>	<b>\$ 102,626</b>	<b>-1.90%</b>



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited) (Cont'd)

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

Table 3 reflects changes in net position for fiscal years 2019 and 2018.

**TABLE 3**  
Change in Net Position

<b>Revenues:</b>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 493,675	\$ 437,801	\$ 55,874	12.76%
Operating Grants and Contributions	7,845,417	7,895,897	(50,480)	-0.64%
General Revenues:				
Property Taxes	9,766,528	9,588,371	178,157	1.86%
Grants and Contributions	14,018,993	13,270,811	748,182	5.64%
Other	382,090	337,746	44,344	13.13%
<b>Total Revenues</b>	<u>32,506,703</u>	<u>31,530,626</u>	<u>976,077</u>	<u>3.10%</u>
<b>Expenses:</b>				
Instruction:				
Regular	8,098,216	8,179,123	(80,907)	-0.99%
Special Education	1,606,489	1,993,424	(386,935)	-19.41%
Other Special Instruction	841,754	696,709	145,045	20.82%
Student Services:				
Tuition	1,886,946	1,687,761	199,185	11.80%
Student and Instruction Related	3,549,786	2,984,981	564,805	18.92%
General Administrative Services	475,705	490,636	(14,931)	-3.04%
School Administrative Services	1,055,421	939,519	115,902	12.34%
Central Services	321,016	317,920	3,096	0.97%
Administrative Information Technology	128,079	120,593	7,486	6.21%
Plant Operations and Maintenance	15,770,379	1,541,896	14,228,483	922.79%
Pupil Transportation	1,203,924	839,399	364,525	43.43%
Unallocated Benefits	11,316,376	11,141,478	174,898	100.00%
Interest on Long-Term Debt	792,683	812,537	(19,854)	-2.44%
Food Service	738,944	748,970	(10,026)	-1.34%
<b>Total Expenses</b>	<u>47,785,718</u>	<u>32,494,946</u>	<u>15,290,772</u>	<u>47.06%</u>
<b>Increase (Decrease) in Net Position</b>	<u>(15,279,015)</u>	<u>(964,320)</u>	<u>(14,314,695)</u>	<u>14.84</u>
<b>Beginning Net Position</b>	<u>10,141,214</u>	<u>11,105,534</u>	<u>(964,320)</u>	<u>-8.68%</u>
<b>Ending Net Position</b>	<u>\$ (5,137,801)</u>	<u>\$ 10,141,214</u>	<u>\$ (15,279,015)</u>	<u>-150.66%</u>

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited) (Cont'd)

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

**Governmental Activities**

In 2018-2019, Governmental Activities Revenues were \$31,836,586 or 97.75% of total revenues.

In 2017-2018, Governmental Activities Revenues were \$30,806,039 or 97.70% of total revenues.

The \$1,030,547 increase in Governmental Activities Revenues from 2017-2018 to 2018-2019 was mainly related to the implementation of GASB 75.

In 2018-2019, General Revenues - Property Taxes of \$9,766,528 made up 30.68%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$14,018,993 made up 44.03% of Governmental Activities Revenues.

In 2017-2018, General Revenues - Property Taxes of \$9,588,371 made up 31.12%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$13,270,811 made up 43.08% of Governmental Activities Revenues.

In 2018-2019, the School District's Governmental Activities expenditures increased by \$1,171,735 or 3.69% from 2017-2018.

**Business-Type Activities**

In 2018-2019 Business-Type Activities Revenues were \$734,056 or 2.25% of total revenues. In 2017-2018 Business-Type Activities Revenues were \$724,587 or 2.30% of total revenues.

Charges for Services for Business-Type Activities were \$246,459 in 2018-2019 compared to \$242,594 in 2017-2018, a 1.59% increase.

Operating Grants and Contributions for Business-Type Activities were \$486,868 in 2018-2019 compared to \$481,748 in 2017-2018, a 1.06% increase.

Expenses for Business-Type Activities were \$738,944 in 2018-2019 compared to \$748,970 in 2017-2018, a 1.34% decrease.

**General Fund Budgeting Highlights**

The final budgetary basis revenue estimate was \$11,220,930, which was less than the original budget.

The 2018-2019 General Fund Tax Levy was \$8,608,304, an increase of \$168,790 or 2.00% from the 2017-2018 General Fund Tax Levy was \$8,439,514.

During fiscal year 2019, the School District budgeted \$8,608,304 for property taxes (local tax levy) and \$10,368,407 for state aid revenues.

The School District also received \$679,715 and \$2,303,864 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance, Long-Term Disability Insurance and Pension Contributions, respectively. The Borough of Clayton School District's expenditures also include the reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance, Long-Term Disability Insurance and Pension Contributions of \$679,715 and \$2,303,864 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2019  
 (Unaudited) (Cont'd)

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

**General Fund Budgeting Highlights (cont'd)**

The final budgetary basis expenditure appropriation estimate was \$21,399,318, which was greater than the original budget.

**Financial Analysis of the Government's Funds**

**Governmental Funds** - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$493,490, a decrease of \$627,715 in comparison with the prior year.

Of the combined ending fund balances of \$493,490, \$571,379 constitutes unassigned fund balance deficits. The remainder of fund balance of \$1,064,869 is restricted or assigned for various purposes.

**Proprietary Fund** - As of the end of the current fiscal year, the School District's proprietary fund had \$147,899 in unrestricted net position.

**CAPITAL ASSETS**

The Borough of Clayton School District's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$32,312,036 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings and improvements, and equipment. There was a net decrease in the Borough of Clayton School District's investment in capital assets for the current fiscal year of 3.88%. The net decrease was the result of the net effect of the 2019 asset additions, depreciation expense, and write-offs for the year. Table 4 reflects the capital assets.

**TABLE 4**  
 Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Land	\$ 510,670	\$ 510,670
Site Improvements	948,530	1,008,374
Building and Improvements	29,797,929	30,833,236
Equipment	<u>1,054,907</u>	<u>1,262,738</u>
 Total Capital Assets	 <u>\$ 32,312,036</u>	 <u>\$ 33,615,018</u>

Depreciation expense was \$1,361,349 for fiscal year ended 2019 and \$1,358,082 for fiscal year ended 2018.

**DEBT ADMINISTRATION**

**Long-term Debt** - At the end of the current fiscal year, the Borough of Clayton School District had total bonded debt outstanding of \$17,227,000. The entire Borough of Clayton School District's bonded debt is governmental as opposed to business-type. The 2019 adopted budget has an appropriation of \$625,000 representing the payment of the annual principal. The School Bond – Series 2010 will mature on September 1, 2034 and the School Bond – Series 2015 will mature on March 1, 2040.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited) (Cont'd)

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**FACTORS ON THE DISTRICT'S FUTURE**

For the 2018-19 school year, the Borough of Clayton School District was able to sustain its budget through the borough tax levy, federal aid, state aid and miscellaneous revenue sources. Approximately 30.7% of total revenue is from local tax levy and 44.0% of the Borough of Clayton School District's revenue is from federal and state aid (restricted and not restricted).

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Borough of Clayton School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Fran Adler, Business Administrator/Board Secretary at the Borough of Clayton School District, 350 E. Clinton Street, Clayton, New Jersey 08312.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 41,790	\$ 116,802	\$ 158,592
Receivables, net (Note 4)	557,509	24,082	581,591
Internal Balances	(3,885)	3,885	
Inventory (Note 5)		4,491	4,491
Restricted Assets:			
Capital Reserve Account - Cash	161,060		161,060
Restricted Cash and Cash Equivalents	106,175		106,175
Capital Assets, net (Note 6)	32,229,019	83,017	32,312,036
<b>Total Assets</b>	<b>33,091,668</b>	<b>232,277</b>	<b>33,323,945</b>
<b>DEFERRED OUTFLOWS:</b>			
Related to Pension (Note 9)	1,215,821		1,215,821
<b>LIABILITIES:</b>			
Accounts Payable			
Related to Pensions	227,087		227,087
Other	204,878	1,361	206,239
Payable to State Government	47,464		47,464
Unearned Revenue	116,817		116,817
Accrued Interest Payable	250,267		250,267
Noncurrent Liabilities (Note 7):			
Due within One Year	906,404		906,404
Due beyond One Year	21,705,523		21,705,523
<b>Total Liabilities</b>	<b>23,458,440</b>	<b>1,361</b>	<b>23,459,801</b>
<b>DEFERRED INFLOWS:</b>			
Related to Pension (Note 9)	2,024,765		2,024,765
<b>NET POSITION:</b>			
Net Investment in Capital Assets	14,545,809	83,017	14,628,826
Restricted for:			
Capital Projects	161,060		161,060
Other Purposes	319,700		319,700
Unrestricted (Deficit)	(6,202,285)	147,899	(6,054,386)
<b>Total Net Position</b>	<b>\$ 8,824,284</b>	<b>\$ 230,916</b>	<b>\$ 9,055,200</b>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 8,098,216		\$ 596,957	\$ (7,501,259)		\$ (7,501,259)
Special Education	1,606,489	\$ 247,216	387,182	(972,091)		(972,091)
Other Instruction	841,754		35,224	(806,530)		(806,530)
<b>Support Services:</b>						
Tuition	1,886,946		379,425	(1,507,521)		(1,507,521)
Student and Instruction Related Services	3,549,786		1,083,310	(2,466,476)		(2,466,476)
General Administrative Services	475,705			(475,705)		(475,705)
School Administrative Services	1,055,421			(1,055,421)		(1,055,421)
Central Services	321,016			(321,016)		(321,016)
Administrative Information Technology	128,079			(128,079)		(128,079)
Plant Operations and Maintenance	1,577,379			(1,577,379)		(1,577,379)
Pupil Transportation	1,203,924			(1,203,924)		(1,203,924)
Unallocated Benefits	11,316,376		4,876,451	(6,439,925)		(6,439,925)
Interest on Long-Term Debt	792,683			(792,683)		(792,683)
<b>Total Governmental Activities</b>	<b>32,853,773</b>	<b>247,216</b>	<b>7,358,549</b>	<b>(25,248,009)</b>	<b>-</b>	<b>(25,248,009)</b>
<b>Business-Type Activities:</b>						
Food Service	738,944	246,459	486,868	-	\$ (5,617)	(5,617)
<b>Total Business-Type Activities</b>	<b>738,944</b>	<b>246,459</b>	<b>486,868</b>	<b>-</b>	<b>(5,617)</b>	<b>(5,617)</b>
<b>Total Government</b>	<b>\$ 33,592,717</b>	<b>\$ 493,675</b>	<b>\$ 7,845,417</b>	<b>(25,248,009)</b>	<b>(5,617)</b>	<b>(25,253,626)</b>
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property Taxes, Levied for General Purposes, Net				8,608,304		8,608,304
Property Taxes, Levied for Debt Service				1,158,224		1,158,224
Federal and State Aid Not Restricted				14,018,993		14,018,993
Interest and Investment Earnings				12,602	729	13,331
Miscellaneous Income				368,760		368,760
<b>Total General Revenues and Loss on Disposal of Capital Assets</b>				<b>24,166,883</b>	<b>729</b>	<b>24,167,612</b>
<b>Change in Net Position</b>				<b>(1,081,126)</b>	<b>(4,888)</b>	<b>(1,086,014)</b>
<b>Net Position -- July 1</b>				<b>9,905,410</b>	<b>235,804</b>	<b>10,141,214</b>
<b>Net Position -- June 30</b>				<b>\$ 8,824,284</b>	<b>\$ 230,916</b>	<b>\$ 9,055,200</b>

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



**FUND FINANCIAL STATEMENTS**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 41,790	\$ 106,175		\$ 147,965
Cash - Capital Reserve Account	161,060			161,060
Accounts Receivable				
State	160,247	1,625		161,872
Federal		317,514		317,514
Other	76,936	1,187		78,123
Interfunds Receivable	<u>224,777</u>			<u>224,777</u>
<b>Total Assets</b>	<u>\$ 664,810</u>	<u>\$ 426,501</u>	<u>\$ -</u>	<u>\$ 1,091,311</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 139,106	\$ 65,772		\$ 204,878
Interfunds Payable		228,662		228,662
Payable to State Government		47,464		47,464
Unearned Revenue		<u>116,817</u>		<u>116,817</u>
<b>Total Liabilities</b>	<u>139,106</u>	<u>458,715</u>		<u>597,821</u>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve Account	161,060			161,060
Excess Surplus--Designated for Subsequent Year's Expenditures	173,019			173,019
Excess Surplus	146,681			146,681
<b>Assigned:</b>				
Other Purposes	396			396
Subsequent Year's Expenditures	583,713			583,713
Unassigned (Deficit)	<u>(539,165)</u>	<u>(32,214)</u>		<u>(571,379)</u>
<b>Total Fund Balances (Deficit)</b>	<u>525,704</u>	<u>(32,214)</u>		<u>493,490</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 664,810</u>	<u>\$ 426,501</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$49,988,951, and the accumulated depreciation is \$17,759,933.	32,229,019
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(18,111,662)
Accrued interest payable	(250,267)
Net Pension Liability	(4,500,265)
Accounts Payable related to the April 1, 2019 Required PERS pension contribution that is not to be liquidated with current financial resources.	(227,087)
Deferred Outflows of Resources - Related to Pensions	1,215,821
Deferred Inflows of Resources - Related to Pensions	<u>(2,024,765)</u>
<b>Net position of governmental activities</b>	<u>\$ 8,824,284</u>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>				
Local Tax Levy	\$ 8,608,304		\$ 1,158,224	\$ 9,766,528
Tuition Charges	247,216			247,216
Interest	12,602			12,602
Unrestricted Miscellaneous Revenues	299,537			299,537
State Sources	13,860,976	\$ 781,413	110,270	14,752,659
Federal Sources	47,747	1,825,017		1,872,764
Local Sources	69,223	304,688		373,911
Total Revenues	<u>23,145,605</u>	<u>2,911,118</u>	<u>1,268,494</u>	<u>27,325,217</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	6,779,175	596,957		7,376,132
Special Education Instruction	1,060,005	440,267		1,500,272
Other Special Instruction		35,224		35,224
Other Instruction	733,073			733,073
<b>Support Services and Undistributed Costs:</b>				
Tuition	1,507,521	379,425		1,886,946
Student and Instruction Related Services	2,212,327	1,115,775		3,328,102
General Administrative Services	475,705			475,705
School Administrative Services	959,296			959,296
Central Services	291,779			291,779
Administrative Information Technology	116,414			116,414
Plant Operations and Maintenance	1,433,715			1,433,715
Pupil Transportation	1,350,503			1,350,503
Unallocated Benefits	6,542,809	429,020		6,971,829
<b>Debt Service:</b>				
Principal			625,000	625,000
Interest and Other Charges	156,872		643,494	800,366
Capital Outlay	68,576			68,576
Total Expenditures	<u>23,687,770</u>	<u>2,996,668</u>	<u>1,268,494</u>	<u>27,952,932</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(542,165)</u>	<u>(85,550)</u>	<u>-</u>	<u>(627,715)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In		85,550		85,550
Operating Transfers Out	(85,550)			(85,550)
Total Other Financing Sources (Uses)	<u>(85,550)</u>	<u>85,550</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(627,715)	-	-	(627,715)
Fund Balance (Deficit) -- July 1	1,153,419	(32,214)	-	1,121,205
Fund Balance (Deficit) -- June 30	<u>\$ 525,704</u>	<u>\$ (32,214)</u>	<u>\$ -</u>	<u>\$ 493,490</u>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2019

Total Net Change in Fund Balances - Governmental Funds	\$	(627,715)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(1,361,349)
Capital Outlays		<u>68,576</u>
		(1,292,773)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		625,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		7,684
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.		146,579
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-);when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(42,785)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		<u>102,884</u>
Change in Net Position of Governmental Activities	\$	<u>(1,081,126)</u>

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

## BOROUGH OF CLAYTON SCHOOL DISTRICT

Proprietary Fund  
Statement of Net Position  
June 30, 2019

	Business-Type Activities - <u>Enterprise Fund</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 116,802
Accounts Receivable:	
State	340
Federal	23,742
Interfund	3,885
Inventories	<u>4,491</u>
Total Current Assets	<u>149,260</u>
Noncurrent Assets:	
Equipment	353,558
Less Accumulated Depreciation	<u>270,541</u>
Total Noncurrent Assets	<u>83,017</u>
Total Assets	<u>232,277</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>1,361</u>
Total Current Liabilities	<u>1,361</u>
NET POSITION:	
Net Investment in Capital Assets	83,017
Unrestricted	<u>147,899</u>
Total Net Position	<u>\$ 230,916</u>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Proprietary Fund  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2019

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 129,857
Daily Sales - Non-Reimbursable Programs	112,180
Special Functions	<u>4,422</u>
Total Operating Revenues	<u>246,459</u>
<b>OPERATING EXPENSES:</b>	
Salaries	276,930
Employee Benefits	40,223
Supplies and Materials	16,474
Cost of Sales - Reimbursable Programs	279,310
Cost of Sales - Non-Reimbursable Programs	52,808
Management Fee	54,625
Other Purchased Services	8,364
Depreciation	<u>10,210</u>
Total Operating Expenses	<u>738,944</u>
Operating Income (Loss)	<u>(492,485)</u>
<b>NONOPERATING REVENUES:</b>	
State Sources:	
State School Lunch Program	6,706
Federal Sources:	
Healthy Hunger Free Kids Program	7,558
After School Snack	12,672
National School Lunch Program	280,492
School Breakfast Program	132,161
United States Department of Agriculture Commodities	47,279
Interest and Investment Revenue	<u>729</u>
Total Nonoperating Revenues	<u>487,597</u>
Change in Net Position	(4,888)
Total Net Position -- July 1	<u>235,804</u>
Total Net Position -- June 30	<u>\$ 230,916</u>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Proprietary Fund  
 Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2019

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 243,947
Payments to Employees	(276,930)
Payments for Employee Benefits	(40,223)
Payments to Suppliers	<u>(362,666)</u>
Net Cash Provided by (used for) Operating Activities	<u>(435,872)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Cash Received from State and Federal Reimbursements	<u>436,472</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>436,472</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and Dividends	<u>729</u>
Net Cash Provided by (used for) Investing Activities	<u>729</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,329
Cash and Cash Equivalents -- July 1	<u>115,473</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 116,802</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>	
by Operating Activities:	
Operating Income (Loss)	\$ (492,485)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	10,210
Federal Commodities	47,279
(Increase) Decrease in Inventories	1,637
Increase (Decrease) in Other Current Liabilities	<u>(2,513)</u>
Total Adjustments	<u>56,613</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (435,872)</u></u>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Fiduciary Net Position  
 June 30, 2019

	Private Purpose Trust Fund	Agency Funds	
	Scholarship <u>Trust</u>	Student <u>Activity</u>	Payroll
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ -	\$ 212,107	\$ 25,753
Total Assets	<u>-</u>	<u>\$ 212,107</u>	<u>\$ 25,753</u>
<b>LIABILITIES:</b>			
Payable to Student Groups		\$ 212,107	
Payroll Deductions and Withholdings			<u>\$ 25,753</u>
Total Liabilities		<u>\$ 212,107</u>	<u>\$ 25,753</u>
<b>NET POSITION:</b>			
Held in Trust for Other Purposes	<u>\$ -</u>		

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



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust Fund
	Scholarship Trust
ADDITIONS:	
Investment Earnings	
Interest	\$ -
Net Investment Earnings	-
Total Additions	-
DEDUCTIONS:	
Scholarship Payments	2,774
Total Deductions	2,774
Change in Net Position	(2,774)
Net Position -- July 1	2,774
Net Position -- June 30	\$ -

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2019

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

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

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades kindergarten through 12 at the School District's three schools. The Borough of Clayton School District has an approximate enrollment at June 30, 2019 of 1,436.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

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

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

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

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

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

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

The School District reports the following major governmental fund:

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

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

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

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

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

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

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

The School District maintains the following major proprietary funds:

**Enterprise Fund**

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

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

The School District maintains the following fiduciary funds:

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

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

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

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

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

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets / Budgetary Control (cont'd)**

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

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

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

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

**Encumbrances**

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

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

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

**Cash, Cash Equivalents and Investments**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents and Investments (cont'd)**

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

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

**Inventories**

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

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

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

**Tuition Receivable**

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

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2019. The School District had no prepaid expenses for the fiscal year ended June 30, 2019.

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

**Short-Term Interfund Receivables / Payables**

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

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

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

The School District's capitalization threshold is \$2,000. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Activities Estimated Lives</u>
Site Improvements	10-20 Years
Buildings and Improvements	20-50 Years
Equipment	5-15 Years

The School District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

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

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

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2019 and 2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Unearned Revenue**

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

**Accrued Salaries and Wages**

Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2019, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.



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

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

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

**Accrued Liabilities and Long-Term Obligations**

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

**Bond Discounts / Premiums**

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

**Net Position**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Interfund Activity**

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

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

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

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

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2019:

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

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized.

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

As of June 30, 2019, the School District's bank balance of \$1,792,931 was exposed to custodial credit risk as follows:

Insured	\$	864,571
Insured under GUDPA		928,360
Uninsured/Uncollateralized		<u>-</u>
	\$	<u>1,792,931</u>

**Note 3: CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$	160,527
Increased by:		
Interest Earnings		<u>537</u>
		161,064
Decreased by:		
Withdrawals		<u>4</u>
Ending Balance, June 30, 2019	\$	<u>161,060</u>

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects at June 30, 2019 is \$4,287,754. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

**Note 4: ACCOUNTS RECEIVABLES**

Accounts receivable at June 30, 2019 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey. All receivables are considered collectible.

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

	Governmental Funds		Total Governmental Activities	Proprietary Fund		Total
	General Fund	Special Revenue Fund		Food Service Fund	Total Business-Type Activities	
Federal Awards		\$ 317,514	\$ 317,514	\$ 23,742	\$ 23,742	\$ 341,256
State Awards	\$ 160,247	1,625	161,872	340	340	162,212
Other	76,936	1,187	78,123			78,123
Total	<u>\$ 237,183</u>	<u>\$ 320,326</u>	<u>\$ 557,509</u>	<u>\$ 24,082</u>	<u>\$ 24,082</u>	<u>\$ 581,591</u>

**Note 5: INVENTORY**

Inventory recorded at June 30, 2019 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 3,405
Supplies	<u>1,086</u>
	<u>\$ 4,491</u>

**Note 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2019</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 510,670			\$ 510,670
Total Capital Assets, not being Depreciated	<u>510,670</u>			<u>510,670</u>
Capital Assets, being Depreciated:				
Site Improvements	2,029,522	\$ 15,829		2,045,351
Buildings and Improvements	44,704,850	7,080		44,711,930
Equipment	<u>2,675,333</u>	<u>45,667</u>		<u>2,721,000</u>
Total Capital Assets, being Depreciated	<u>49,409,705</u>	<u>68,576</u>		<u>49,478,281</u>
Less Accumulated Depreciation for:				
Site Improvement	(1,021,148)	(75,673)		(1,096,821)
Building and Improvements	(13,871,614)	(1,042,387)		(14,914,001)
Equipment	<u>(1,505,822)</u>	<u>(243,289)</u>		<u>(1,749,111)</u>
Total Accumulated Depreciation	<u>(16,398,584)</u>	<u>(1,361,349)</u>		<u>(17,759,933)</u>
Total Capital Assets, being Depreciated, Net	<u>33,011,121</u>	<u>(1,292,773)</u>		<u>31,718,348</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,521,791</u>	<u>\$(1,292,773)</u>		<u>\$ 32,229,018</u>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Equipment	\$ 353,558			\$ 353,558
Less Accumulated Depreciation for:				
Equipment	<u>(260,331)</u>	<u>\$ (10,210)</u>		<u>(270,541)</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 93,227</u>	<u>\$ (10,210)</u>		<u>\$ 83,017</u>

**Note 6: CAPITAL ASSETS (CONT'D)**

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

**Governmental Activities:**

Instruction	\$ 860,171
Student & Instruction Related Services	221,155
General and Business Administrative Services	136,701
Plant Operations and Maintenance	<u>143,322</u>
Total Depreciation – Governmental Activities	<u>\$ 1,361,349</u>

**Business-Type Activities:**

Food Service	<u>\$ 10,210</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 10,210</u>

**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 17,852,000		\$ (625,000)	\$ 17,227,000	\$ 650,000
Other Liabilities:					
Net Pension Liability	5,263,586	\$ 2,872,193	(3,635,514)	4,500,265	
Obligations under Capital Lease	602,789		(146,579)	456,210	149,291
Compensated Absences	<u>385,667</u>	<u>199,553</u>	<u>(156,768)</u>	<u>428,452</u>	<u>107,113</u>
Total Other Liabilities	<u>6,252,042</u>	<u>3,071,746</u>	<u>(3,938,861)</u>	<u>5,384,927</u>	<u>256,404</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 24,104,042</u>	<u>\$ 3,071,746</u>	<u>\$ (4,563,861)</u>	<u>\$ 22,611,927</u>	<u>\$ 906,404</u>

The bonds payable are liquidated by the debt service fund, while net pension liability, obligations under capital lease and compensated absences are liquidated by the general fund.

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

Principal due on the serial bonds is as follows:

<u>Date of Issue</u>	<u>Amount Of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Amount</u>
2010	\$ 10,017,000	2019 to 2035	3.75-4.375%	\$ 8,352,000
2015	9,730,000	2020 to 2040	3.00-4.00%	<u>8,875,000</u>
				<u>\$ 17,227,000</u>

**Note 7: LONG-TERM LIABILITIES (CONT'D)****Bonds Payable (Cont'd)**

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 650,000	\$ 622,338	\$ 1,272,338
2021	680,000	599,894	1,279,894
2022	710,000	576,344	1,286,344
2023	740,000	551,344	1,291,344
2024	770,000	524,744	1,294,744
2025-2029	4,410,000	2,172,869	6,582,869
2030-2034	5,440,000	1,281,309	6,721,309
2035-2039	3,302,000	400,408	3,702,408
2040	525,000	21,000	546,000
	<u>\$ 17,227,000</u>	<u>\$ 6,750,250</u>	<u>\$ 23,977,250</u>

**Bonds Authorized But Not Issued** - As of June 30, 2019, the School District had no authorizations to issue additional bonded debt.

**Obligation under Capital Lease** - The School District is leasing bus equipment totaling \$700,552 under a capital lease. The capital lease is for a term of five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2019.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 149,291	\$ 8,440	\$ 157,731
2021	152,053	5,678	157,731
2022	154,866	2,865	157,731
	<u>\$ 456,210</u>	<u>\$ 16,983</u>	<u>\$ 473,193</u>

**Compensated Absences** – As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to Note 14 for a description of the School District's policy.

**Net Pension Liability** – For details on the net pension liability, refer to Note 9. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis

**Postemployment Benefits** - For details on other postemployment benefits, refer to Note 10. The School District's contributions to the postemployment benefits plan are budgeted and paid from the general fund.



**Note 8: OPERATING LEASES**

At June 30, 2019, the School District had operating lease agreements in effect for copy machines and postage machines. The present value of the future minimum rental payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 425,029
2021	378,811
2022	338,577
2023	180,846
2024	106,784
	<u>\$ 1,430,047</u>

Rental payments under operating leases for the fiscal year ended June 30, 2019 were \$325,967.

**Note 9: PENSION PLANS**

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

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

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

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

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

**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)**

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

**Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

**Tier Definition**

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

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

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

**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - The membership tiers for PERS are the same as previously noted for TPAF.

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

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

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50% in State fiscal year 2019. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 13.22% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2019 was \$1,250,851, and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were \$717,206.

**Note 9: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.50% in State fiscal year 2019. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 13.23% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2019 was \$227,345, and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were \$130,097.

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

For the fiscal year ended June 30, 2019, employee contributions totaled \$12,408, and the School District recognized pension expense, which equaled the required contributions, of \$9,136. There were no forfeitures during the fiscal year.

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

**Teachers' Pension and Annuity Fund** - At June 30, 2019, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

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

School Districts Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	52,642,031
	<u>\$ 52,642,031</u>

**Note 9: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Teachers' Pension and Annuity Fund (Cont'd)** - The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. For the June 30, 2018 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2018, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2018 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.0827472626%, which was an increase of 0.0006971997% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the School District recognized \$3,068,846 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2018 measurement date.

**Public Employees' Retirement System** - At June 30, 2019, the School District reported a liability of \$4,500,265 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the School District's proportion was 0.0228561652%, which was an increase of 0.0002447082% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the School District recognized pension expense of \$126,658, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date.

**Note 9: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences Between Expected and Actual Experience	\$ 85,821	\$ 23,205
Changes of Assumptions	741,569	1,438,945
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	42,213
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contribution	161,344	520,402
School District Contributions Subsequent to the Measurement Date	<u>227,087</u>	<u>-</u>
	<u>\$ 1,215,821</u>	<u>\$ 2,024,765</u>

\$227,087, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>PERS</u>
2020	\$ (93,778)
2021	(152,957)
2022	(393,881)
2023	(315,521)
2024	<u>(79,894)</u>
	<u>\$ (1,036,031)</u>

**Note 9: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

**Note 9: PENSION PLANS (CONT'D)****Actuarial Assumptions**

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation	2.25%	2.25%
Salary Increases:		
Through 2026	1.55% - 4.15% Based on Yrs of Service	1.65% - 4.15% Based on Age
Thereafter	2.00% - 5.45% Based on Yrs of Service	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2012- June 30, 2015	July 1, 2011 – June 30, 2014

For TPAF, pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of June 30, 2018 are summarized in the following table on the following page:



Note 9: **PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

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

**Discount Rate** - The discount rates used to measure the total pension liability at June 30, 2018 were 4.86% and 5.66% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2040 for TPAF and 2046 for PERS. Therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for TPAF and 2046 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Note 9: PENSION PLANS (CONT'D)****Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2018, the Plan's measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.86%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (3.86%)</b>	<b>Current Discount Rate (4.86%)</b>	<b>1% Increase (5.86%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability associated with the School District	<u>62,221,881</u>	<u>52,642,031</u>	<u>44,700,569</u>
	<u>\$ 62,221,881</u>	<u>\$ 52,642,031</u>	<u>\$ 44,700,569</u>

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 5,658,565</u>	<u>\$ 4,500,265</u>	<u>\$ 3,528,526</u>

**Pension Plan Fiduciary Net Position**

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

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

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

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

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

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

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

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	<u>-</u>
	<u>362,181</u>

**Total Non-Employer OPEB Liability**

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2019 was \$38,853,854. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The total Non-Employer OPEB Liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. For the June 30, 2018 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was 0.0842618784%, which was a decrease of 0.0024672718% from its proportion measured as of June 30, 2017.

**Actuarial Assumptions and Other Inputs** - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2017 used the following actuarial assumptions, applied to all periods in the measurement:

**Salary Increases –**

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

(1) – Based on years of service

(2) – Based on age

**Inflation Rate** - 2.50%.

**Mortality Rates** - Preretirement mortality rates were based on the RP-2006 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-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

**Experience Studies** - The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively. 100% of all retirees who currently have healthcare coverage were assumed to continue with that coverage. 100% of active members were considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability**

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

Balance at June 30, 2018		\$ 46,521,379
Changes for the Year:		
Service Cost	\$ 1,738,529	
Interest Cost	1,709,899	
Difference Between Expected and Actual Experience	(5,653,978)	
Changes in Assumptions	(4,458,674)	
Gross Benefit Payments	(1,038,938)	
Member Contributions	<u>35,907</u>	
Net Changes		<u>(7,667,525)</u>
Balance at June 30, 2019		<u>\$ 38,853,854</u>

There were no changes in benefit terms between the June 30, 2017 measurement date and the June 30, 2018 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes of Assumptions reflect a decrease in the liability from June 30, 2017 to June 30, 2018 due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate** - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2018, associated with the School District, using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 45,933,165</u>	<u>\$ 38,853,854</u>	<u>\$ 33,226,533</u>

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2018, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 32,114,973</u>	<u>\$ 38,853,854</u>	<u>\$ 47,766,282</u>

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability**

For the fiscal year ended June 30, 2019, the School District recognized \$1,695,231 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2018 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2019, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	-	\$ 1,396,726
Difference Between Expected and Actual Experience	-	3,771,634
Changes of Assumptions	-	8,709,290
	<u>\$ -</u>	<u>\$ 13,877,650</u>

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

Fiscal Year Ending June 30,	
2020	\$ (1,703,185)
2021	(1,703,185)
2022	(1,703,185)
2023	(1,703,185)
2024	(1,703,185)
Thereafter	<u>(5,361,725)</u>
	<u>\$ (13,877,650)</u>

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2019, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, non-contributory insurance, and long-term disability insurance were \$1,551,196, \$718,348, \$32,471 and \$1,849, respectively.

**Note 12: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The School District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Note 13: DEFERRED COMPENSATION**

The School District offers its employees a choice of (5) deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

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

**Note 14: COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, the liability for compensated absences reported on the government-wide statement of net position was \$428,452.

**Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Interfunds** - The composition of interfund balances as of June 30, 2019 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 224,777	
Special Revenue		\$ 228,662
Food Service	3,885	
	<u>\$ 228,662</u>	<u>\$ 228,662</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2020, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Transfers:**

<u>Transfer Out:</u>	<u>Transfer In: Special Revenue Fund</u>
General Fund	\$ 85,550
Total Transfers	<u>\$ 85,550</u>

The principal purpose of the fund transfer made during the fiscal year was for preschool education aid.

**Note 16: CONTINGENCIES**

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

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

**Note 17: CONCENTRATIONS**

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



**Note 18: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$539,165 in the general fund and \$32,214 in the special revenue fund as of June 30, 2019 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$571,379 is less than the June state aid payments.

**Note 19: FUND BALANCES****RESTRICTED**

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

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$146,681. Additionally, \$173,019 of excess fund balance generated during 2017-2018 has been restricted and designated for utilization in the 2019-2020 budget.

**For Capital Reserve Account** - As of June 30, 2019, the balance in the capital reserve account is \$161,060. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**ASSIGNED**

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

**General Fund**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2020 \$583,713 of general fund balance at June 30, 2019.

**Note 19: FUND BALANCES (CONT'D)**

**Other Purposes** - As of June 30, 2019, the School District had \$396 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

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

**General Fund** - As of June 30, 2019, (\$539,165) of general fund balance (deficit) was unassigned.

**Special Revenue Fund** - As of June 30, 2019, the fund balance of the special revenue fund was a deficit of \$32,214, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in Note 18, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$32,214 is the same as the last state aid payment.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,608,304		\$ 8,608,304	\$ 8,608,304	
Other Local Government Units	69,450		69,450	69,223	\$ (227)
Tuition - LEAs w/in state	175,970		175,970	247,216	71,246
Interest		\$ 2,000	2,000	12,352	10,352
Unrestricted Misc. Revenues	390,000	(2,000)	388,000	299,537	(88,463)
Interest Earned on Capital Reserve	100		100	250	150
Transportation Fees - from other LEAs within State	5,001		5,001		(5,001)
<b>Total - Local Sources</b>	<b>9,248,825</b>	<b>-</b>	<b>9,248,825</b>	<b>9,236,882</b>	<b>(11,943)</b>
State Sources:					
School Choice Aid	128,465		128,465	128,465	-
Equalization Aid	9,055,079		9,055,079	9,055,079	-
Nonpublic Transportation Aid		10,730	10,730	10,730	-
Extraordinary Aid	60,000		60,000	101,233	41,233
Categorical Special Education Aid	1,061,043		1,061,043	1,061,043	-
Professional Learning Community Aid					-
Host District Support Aid					-
Categorical Security Aid	269,252		269,252	269,252	-
Categorical Transportation Aid	289,926		289,926	289,926	-
Under Adequacy Aid					-
Per Pupil Growth Aid					-
PARCC Readiness Aid					-
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				1,551,196	1,551,196
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				32,471	32,471
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				1,849	1,849
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				718,348	718,348
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				679,715	679,715
<b>Total - State Sources</b>	<b>10,863,765</b>	<b>10,730</b>	<b>10,874,495</b>	<b>13,899,307</b>	<b>3,024,812</b>
Federal Sources:					
Medicaid Reimbursement	46,114		46,114	47,747	1,633
<b>Total - Federal Sources</b>	<b>46,114</b>	<b>-</b>	<b>46,114</b>	<b>47,747</b>	<b>1,633</b>
<b>Total Revenues</b>	<b>20,158,704</b>	<b>10,730</b>	<b>20,169,434</b>	<b>23,183,936</b>	<b>3,014,502</b>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool / Kindergarten	\$ 391,174		\$ 391,174	\$ 391,174	
Grades 1-5	1,866,282	\$ 51,047	1,917,329	1,917,298	\$ 31
Grades 6-8	1,606,096	(61,443)	1,544,653	1,538,019	6,634
Grades 9-12	1,590,437	258,250	1,848,687	1,848,686	1
Regular Programs - Home Instruction:					
Salaries of Teachers	18,000	(1,506)	16,494	16,494	
Regular Programs - Undistributed Instruction:					
Purchased Professional / Educational Services	617,961	26,599	644,560	623,589	20,971
Purchased Professional and Technical Services	59,045	(11,695)	47,350	44,149	3,201
Other Purchased Services	7,200	(7,200)		3,183	(3,183)
General Supplies	354,969	(19,101)	335,868	319,757	16,111
Textbooks	96,841	(25,835)	71,006	67,647	3,359
Other Objects	8,000		8,000	7,400	600
Total Regular Programs	<u>6,616,005</u>	<u>209,116</u>	<u>6,825,121</u>	<u>6,777,396</u>	<u>47,725</u>
Special Education - Instruction:					
Special Education					
Salaries of Teachers		600	600	60	540
Total Special Education	<u>-</u>	<u>600</u>	<u>600</u>	<u>60</u>	<u>540</u>
Behavioral Disabilities					
Salaries of Teachers	158,438	2,500	160,938	160,938	
Purchased Services	62,459	19,428	81,887	61,046	20,841
General Supplies	4,000	(679)	3,321	3,320	1
Total Behavioral Disabilities	<u>224,897</u>	<u>21,249</u>	<u>246,146</u>	<u>225,304</u>	<u>20,842</u>
Multiple Disabilities					
Salaries of Teachers	195,421	(81,791)	113,630	113,615	15
Other Salaries for Instruction	3,000	(2,079)	921	921	
Purchased Services	58,280	(16,082)	42,198	42,198	
General Supplies	5,000	269	5,269	5,269	
Total Multiple Disabilities	<u>261,701</u>	<u>(99,683)</u>	<u>162,018</u>	<u>162,003</u>	<u>15</u>
Resource Room / Resource Center:					
Salaries of Teachers	823,042	(227,733)	595,309	595,308	1
Other Salaries for Instruction	39,003	(2,296)	36,707	36,706	1
Total Resource Room / Resource Center	<u>862,045</u>	<u>(230,029)</u>	<u>632,016</u>	<u>632,014</u>	<u>2</u>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

EXPENDITURES (CONT'D):	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Home Instruction					
Salaries of Teachers	\$ 3,800	\$ 9,520	\$ 13,320	\$ 13,320	
Purchase Professional - Educational Services	7,000	25,760	32,760	27,304	\$ 5,456
Total Home Instruction	10,800	35,280	46,080	40,624	5,456
Total Special Education - Instruction	1,359,443	(272,583)	1,086,860	1,060,005	26,855
Basis Skills / Remedial - Instruction					
Salaries of Teachers		85,491	85,491	83,050	2,441
Other Salaries	24,678	29	24,707	24,706	1
Total Basis Skills / Remedial - Instruction	24,678	85,520	110,198	107,756	2,442
Bilingual Education - Instruction:					
Salaries of Teachers	107,765	(14,921)	92,844	92,497	347
Total Bilingual Education - Instruction	107,765	(14,921)	92,844	92,497	347
School Sponsored Cocurricular Activities - Instruction:					
Salaries	129,231	(1,214)	128,017	113,796	14,221
Purchased Services	4,700		4,700	4,054	646
Purchased Services Drivers Ed		108	108	147	(39)
Supplies and Materials	10,948		10,948	8,773	2,175
Other Objects - Cocurricular	7,700		7,700	5,220	2,480
Total School Sponsored Cocurricular Activities - Instruction	152,579	(1,106)	151,473	131,990	19,483
School Sponsored Athletics - Instruction:					
Salaries	233,251	4,223	237,474	229,935	7,539
Purchased Services	71,274	(858)	70,416	70,151	265
Supplies and Materials	33,375		33,375	33,282	93
Other Objects	34,350	(343)	34,007	33,966	41
Total School Sponsored Athletics - Instruction	372,250	3,022	375,272	367,334	7,938
Instructional/Alternative Education Program - Instruction					
Salaries	35,000		35,000	33,496	1,504
Total Instructional/Alternative Education Program - Instruction	35,000	-	35,000	33,496	1,504
Total Instruction	8,667,720	9,048	8,676,768	8,570,474	106,294

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 38,777	\$ 64,051	\$ 102,828	\$ 98,967	\$ 3,861
Tuition to Other LEA's Within State - Special	139,383	(29,971)	109,412	93,221	16,191
Tuition To Cty Sch. - Reg	95,800	(13,412)	82,388	80,891	1,497
Tuition to CSSD & Reg. Day Schools	951,625	(449,556)	502,069	459,888	42,181
Tuition to Private Schools for the Disabled - Within State	743,343	49,174	792,517	729,270	63,247
Tuition - State Facilities	45,284		45,284	45,284	
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,014,212</b>	<b>(379,714)</b>	<b>1,634,498</b>	<b>1,507,521</b>	<b>126,977</b>
Undistributed Expenditures - Health Services:					
Salaries	113,107	(1,550)	111,557	111,557	
Purchased Professional and Technical Services	21,900	3,885	25,785	25,784	1
Other Purchased Services	2,250	(37)	2,213	1,780	433
Supplies and Materials	3,518	(750)	2,768	2,566	202
Other Objects		85	85	85	
<b>Total Undistributed Expenditures - Health Services</b>	<b>140,775</b>	<b>1,633</b>	<b>142,408</b>	<b>141,772</b>	<b>636</b>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	155,854	(15,557)	140,297	136,902	3,395
Purchased Professional - Educational Services	84,480		84,480	78,473	6,007
Supplies and Materials	3,100		3,100	2,154	946
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>243,434</b>	<b>(15,557)</b>	<b>227,877</b>	<b>217,529</b>	<b>10,348</b>
Undistributed Expenditures - Other Support Services - Students - Extraordinary:					
Salaries	48,259		48,259	48,259	
Purchased Professional - Educational Services	60,910	260,535	321,445	321,441	4
<b>Total Undistributed Expenditures - Other Support Services - Students - Extraordinary</b>	<b>109,169</b>	<b>260,535</b>	<b>369,704</b>	<b>369,700</b>	<b>4</b>

(Continued)



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd)					
Undistributed Expenditures - Other Support Services -					
Students - Guidance:					
Salaries of Other Professional Staff	\$ 516,908	\$ (91,373)	\$ 425,535	\$ 411,876	\$ 13,659
Salaries of Secretarial and Clerical Assistants	34,760	1	34,761	34,760	1
Purchased Professional - Educational Services	6,600		6,600	5,444	1,156
Other Purchased Professional and Technical Services	16,017		16,017	12,656	3,361
Other Purchased Services (400-500 series)	10,100	(2,160)	7,940	3,490	4,450
Supplies and Materials	7,450		7,450	5,052	2,398
Other objects	975		975	920	55
	<u>592,810</u>	<u>(93,532)</u>	<u>499,278</u>	<u>474,198</u>	<u>25,080</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Guidance	<u>592,810</u>	<u>(93,532)</u>	<u>499,278</u>	<u>474,198</u>	<u>25,080</u>
Undistributed Expenditures - Other Support Services -					
Students - Child Study Team:					
Salaries of Other Professional Staff	283,840	7,200	291,040	286,897	4,143
Salaries of Secretarial and Clerical Assistants	38,903		38,903	38,903	
Other Salaries	1,700	2,146	3,846	3,584	262
Purchased Professional - Educational Services	141,302	(49,234)	92,068	87,902	4,166
Other Purchased Professional and Technical Services	9,000	1,660	10,660	9,543	1,117
Other Purchased Services	18,000	215	18,215	16,396	1,819
Supplies and Materials	6,000		6,000	5,329	671
Other Objects	1,225		1,225	359	866
	<u>499,970</u>	<u>(38,013)</u>	<u>461,957</u>	<u>448,913</u>	<u>13,044</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Child Study Team	<u>499,970</u>	<u>(38,013)</u>	<u>461,957</u>	<u>448,913</u>	<u>13,044</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	251,992	6,300	258,292	257,211	1,081
Other Salaries	82,199		82,199	63,810	18,389
Purchased Professional / Education Services	47,000		47,000	31,346	15,654
Other Purch Prof. and Tech. Services	18,000		18,000	14,097	3,903
Other Purchased Services	1,000		1,000	811	189
Supplies and Materials	10,000		10,000	7,280	2,720
Other Objects	2,885		2,885	1,115	1,770
	<u>413,076</u>	<u>6,300</u>	<u>419,376</u>	<u>375,670</u>	<u>43,706</u>
Total Undistributed Expenditures - Improvement of Instruction Services					

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
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 For the Fiscal Year Ended June 30, 2019

EXPENDITURES (CONT'D):	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expend. - Educational Media Services / Sch Library:					
Salaries	\$ 107,117	\$ (150)	\$ 106,967	\$ 97,096	\$ 9,871
Salaries of Technology Coordinators	69,320	600	69,920	68,989	931
Other Purchased Services	5,900		5,900	5,028	872
Supplies and Materials	3,650	2,500	6,150	5,971	179
<b>Total Undistributed Expend. - Educational Media Services / Sch Library</b>	<b>185,987</b>	<b>2,950</b>	<b>188,937</b>	<b>177,084</b>	<b>11,853</b>
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services	10,000		10,000	7,114	2,886
Supplies and Materials	2,500		2,500	347	2,153
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>12,500</b>	<b>-</b>	<b>12,500</b>	<b>7,461</b>	<b>5,039</b>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	214,142	480	214,622	214,622	
Legal Services	24,500	(7,000)	17,500	16,182	1,318
Audit Fees	30,000	800	30,800	30,800	
Architectural/Engineering Services	5,000		5,000	2,465	2,535
Other Purchased Professional Services	6,500	2,123	8,623	8,516	107
Purchased Technical Services	5,000		5,000	4,635	365
Rentals		63,514	63,514	58,360	5,154
Communications / Telephone	104,226	(19,119)	85,107	76,777	8,330
Suppt Travel		2,500	2,500	1,162	1,338
BOE Other Purchased Services	3,500		3,500	3,174	326
Other Purchased Services	92,407	(45,463)	46,944	40,366	6,578
General Supplies	4,500	899	5,399	4,672	727
Miscellaneous Expenditures	16,339		16,339	13,974	2,365
<b>Total Undistributed Expenditures - Support Services - General Admin</b>	<b>506,114</b>	<b>(1,266)</b>	<b>504,848</b>	<b>475,705</b>	<b>29,143</b>
Undistributed Expenditures - Support Services - School Admin:					
Salaries of Principals / Assistant Principals	522,863	2,460	525,323	495,339	29,984
Salaries of Other Professional Staff	216,385	1,681	218,066	218,064	2
Salaries of Secretarial and Clerical Assistants	228,112	90	228,202	228,200	2
Other Purchased Services (400-500 series)	1,100	1,254	2,354	1,583	771
Supplies and Materials	10,200	2,800	13,000	10,787	2,213
Other Objects	6,890		6,890	5,323	1,567
<b>Total Undistributed Expenditures - Support Services - School Admin.</b>	<b>985,550</b>	<b>8,285</b>	<b>993,835</b>	<b>959,296</b>	<b>34,539</b>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

EXPENDITURES (CONT'D):	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Central Services					
Salaries	\$ 257,257	\$ 960	\$ 258,217	\$ 258,215	\$ 2
Purchased Professional Services	1,143	1,968	3,111	3,110	1
Purchased Technical Services	22,358	671	23,029	22,999	30
Miscellaneous Purchased Services	500	262	762	762	
Supplies and Materials	4,000	1,212	5,212	5,211	1
Other Object	1,800	(318)	1,482	1,482	
<b>Total Undistributed Expenditures - Central Services</b>	<b>287,058</b>	<b>4,755</b>	<b>291,813</b>	<b>291,779</b>	<b>34</b>
Undistributed Expenditures - Admin. Info. Technology					
Salaries	89,000	720	89,720	89,720	
Purchased Professional Services	1,750	800	2,550	2,550	
Purchased Technical Services	10,381	(999)	9,382	7,537	1,845
Other Purchased Services	2,175		2,175	2,019	156
Supplies and Materials	14,800		14,800	14,588	212
<b>Total Undistributed Expenditures - Admin. Info. Technology</b>	<b>118,106</b>	<b>521</b>	<b>118,627</b>	<b>116,414</b>	<b>2,213</b>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	89,836	399	90,235	90,110	125
Cleaning, Repair and Maintenance Services	32,300	24,399	56,699	56,698	1
General Supplies	25,000	15,500	40,500	39,067	1,433
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>147,136</b>	<b>40,298</b>	<b>187,434</b>	<b>185,875</b>	<b>1,559</b>
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	365,380	(10,651)	354,729	325,694	29,035
Cleaning, Repair and Maintenance Services	35,600	10,559	46,159	44,495	1,664
Other Purchased Services	36,838		36,838	34,125	2,713
Insurance	72,100	797	72,897	72,897	
General Supplies	52,000	(26,355)	25,645	24,729	916
Energy (Natural Gas)	116,726	24,274	141,000	128,150	12,850
Energy (Electricity)	481,132	(26,930)	454,202	434,626	19,576
Other Objects	500		500	310	190
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>1,160,276</b>	<b>(28,306)</b>	<b>1,131,970</b>	<b>1,065,026</b>	<b>66,944</b>
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	44,367	2,139	46,506	46,505	1
Cleaning, Repair & Maintenance Services	24,500	7,526	32,026	32,025	1
General Supplies	32,756	(10,887)	21,869	15,864	6,005
<b>Total Undistributed Expenditures - Care &amp; Upkeep Grounds</b>	<b>101,623</b>	<b>(1,222)</b>	<b>100,401</b>	<b>94,394</b>	<b>6,007</b>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd)					
Undistributed Expenditures - Security					
Salaries	\$ 105,653	\$ (25,214)	\$ 80,439	\$ 80,279	\$ 160
SRO		8,141	8,141	8,141	
<b>Total Undistributed Expenditures - Security</b>	<b>105,653</b>	<b>(17,073)</b>	<b>88,580</b>	<b>88,420</b>	<b>160</b>
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	27,526	(3,396)	24,130	24,130	
Sal for Pupil Trans (Bet Home & Sch) - Reg.	193,966	(1,630)	192,336	191,734	602
Sal for Pupil Trans (Bet Home & Sch) - Sp Ed	18,653		18,653	17,453	1,200
Sal for Pupil Trans (Other than Bet. Home & Sch)	15,000	14,693	29,693	29,393	300
Sal for Pupil Trans (Bet Home & Sch) - NonPublic Sch	44,834	(44,834)			
Other Purchased Professional / Technical Services	38,530	551	39,081	38,600	481
Cleaning, Repair and Maintenance Services	26,000	4,707	30,707	28,791	1,916
Lease Purchase Payments - School Buses	82,077		82,077	82,076	1
Contracted Services - Aid in Lieu of Payments - NonPub Sch	27,180	(2,314)	24,866	24,683	183
Contracted Services - Aid in Lieu of Payments	25,000	(25,000)			
Contracted Services - Aid in Lieu - Choice Students	3,500	10,267	13,767	13,766	1
Contracted Services - (Other than Bet Home & Sch) - Vendors	12,000	20,406	32,406	32,405	1
Contracted Services - (Between Home and School) - Joint Agreement		124,592	124,592	124,592	
Contracted Services (Special Education Students) - Joint Agreements	376,000	310,080	686,080	686,080	
Miscellaneous Purchased Services - Transportation	16,000	(785)	15,215	14,851	364
Supplies and Materials	5,216	(13)	5,203		5,203
Transportation Supplies	66,052	(19,037)	47,015	40,799	6,216
Miscellaneous Expenditures	1,500		1,500	1,150	350
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>979,034</b>	<b>388,287</b>	<b>1,367,321</b>	<b>1,350,503</b>	<b>16,818</b>
Unallocated Benefits:					
Social Security Contributions	250,000	(16,099)	233,901	226,750	7,151
Other Retirement Contributions - Regular	230,318	2,865	233,183	232,383	800
Other Retirement		16,519	16,519	9,336	7,183
Unemployment Compensation	59,295		59,295	51,353	7,942
Workman's Compensation	166,582	(31,370)	135,212	135,211	1
Health Benefits	3,011,461	(86,365)	2,925,096	2,757,144	167,952
Tuition Reimbursement	30,000	3,135	33,135	33,135	
Other Employee Benefits	139,000	(28,279)	110,721	110,721	
<b>Total Unallocated Benefits</b>	<b>3,886,656</b>	<b>(139,594)</b>	<b>3,747,062</b>	<b>3,556,033</b>	<b>191,029</b>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
On-behalf T.P.A.F. Pension Contributions (non-budgeted)				\$ 1,551,196	\$ (1,551,196)
On-behalf T.P.A.F. Pension - Non-Contributory Insurance (non-budgeted)				32,471	(32,471)
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				1,849	(1,849)
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				718,348	(718,348)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				679,715	(679,715)
Total On-behalf Contributions	-	-	-	2,983,579	(2,983,579)
Total Undistributed Expenditures	\$ 12,489,139	\$ (713)	\$ 12,488,426	14,886,872	(2,398,446)
Total Current Expense	21,156,859	8,335	21,165,194	23,457,346	(2,292,152)
Capital Outlay:					
Interest Deposit to Capital Reserve	100	(100)			
Equipment:					
Grades 9-12		6,500	6,500	3,405	3,095
Undistributed Expenditures:					
Security		67,555	67,555	66,950	605
Total Equipment	-	74,055	74,055	70,355	3,700
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	156,872		156,872	156,872	-
Total Facilities Acquisition and Construction Services	156,872	-	156,872	156,872	-
Total Capital Outlay	156,972	73,955	230,927	227,227	3,700
Transfer of Funds to Charter Schools	34,195	(30,998)	3,197	3,197	
Total Transfer of Funds to Charter Schools	34,195	(30,998)	3,197	3,197	-
Total Expenditures	21,348,026	51,292	21,399,318	23,687,770	(2,288,452)

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,189,322)	\$ (40,562)	\$ (1,229,884)	\$ (503,834)	\$ 726,050
Other Financing Sources (Uses):					
Local Contribution - Transfer to Special Revenue Fund - Regular	(4,361)	4,361			
Local Contribution - Transfer to Special Revenue Fund - Inclusion	(53,784)	(4,361)	(58,145)	(53,085)	5,060
Local Contribution - Transfer to Special Revenue Fund - CCC			(32,465)	(32,465)	
Total Other Financing Sources (Uses)	(58,145)	-	(90,610)	(85,550)	5,060
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,247,467)	(40,562)	(1,320,494)	(589,384)	731,110
Fund Balances, July 1	2,122,011		2,122,011	2,122,011	-
Fund Balances, June 30	\$ 874,544	\$ (40,562)	\$ 801,517	\$ 1,532,627	\$ 731,110
<b>Recapitulation:</b>					
Restricted:					
Capital Reserve				\$ 161,060	
Excess Surplus				146,681	
Excess Surplus--Designated for Subsequent Year's Expenditures				173,019	
Assigned:					
Other Purposes				396	
Designated for Subsequent Year's Expenditures				583,713	
Unassigned				467,758	
				1,532,627	
Reconciliation to Governmental Funds Statements(GAAP):					
Last 18-19 State Aid Payment Not Recognized on GAAP Basis				(1,006,923)	
				\$ 525,704	

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources					
CCC Grant	\$ 286,990	\$ (26,675)	\$ 260,315	\$ 255,245	\$ (5,070)
Other Local Grants		20,568	20,568	15,385	(5,183)
Preschool Tuition	10,852	7,148	18,000	30,725	12,725
Total - Local Sources	<u>297,842</u>	<u>1,041</u>	<u>298,883</u>	<u>301,355</u>	<u>2,472</u>
State Sources:					
NJ Non-Public Nursing	20,160	307	20,467	20,467	
NJ Non-Public Textbook Aid	12,790	(1,523)	11,267	11,252	(15)
NJ Non-Public Technology	5,824	1,772	7,596	7,567	(29)
NJ Home Instruction					
NJ Non-Public Security	5,600	26,050	31,650	31,650	-
Chapter 192 - Auxiliary Services	82,132	(3,108)	79,024	58,290	(20,734)
Chapter 193 - Handicapped Services	85,493	(7,068)	78,425	52,474	(25,951)
Preschool Education Aid	352,140		352,140	322,140	(30,000)
School Based Youth Service Program	274,167	(45,463)	228,704	228,679	(25)
Family Friendly Center		45,463	45,463	45,409	(54)
Total - State Sources	<u>838,306</u>	<u>16,430</u>	<u>854,736</u>	<u>777,928</u>	<u>(76,808)</u>
Federal Sources:					
Preschool Expansion Grant	512,203	30,064	542,267	542,261	(6)
Title I	266,905	157,014	423,919	415,167	(8,752)
Title IIA	30,125	50,433	80,558	62,804	(17,754)
Title III	10,880	8,683	19,563	16,897	(2,666)
I.D.E.I.A., Part B	303,026	101,759	404,785	400,487	(4,298)
I.D.E.I.A., Part B, Preschool Incentive		18,233	18,233	18,233	-
Mentoring Grant	250,000	38,417	288,417	199,915	(88,502)
Total - Federal Sources	<u>1,373,139</u>	<u>404,603</u>	<u>1,777,742</u>	<u>1,655,764</u>	<u>(121,978)</u>
Total Revenues	<u>2,509,287</u>	<u>422,074</u>	<u>2,931,361</u>	<u>2,735,047</u>	<u>(196,314)</u>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 1,000,148	\$ (228,590)	\$ 771,558	\$ 726,194	\$ 45,364
Other Salaries for Instruction	10,880	27,370	38,250	28,675	9,575
Purchased Professional and Technical Services	11,518	194,955	206,473	192,840	13,633
Other Purchased Services	183,854	7,398	191,252	81,699	109,553
General Supplies	103,453	43,936	147,389	36,839	110,550
Tuition	303,026	51,752	354,778	379,425	(24,647)
Other Objects	4,190	4,323	8,513	2,837	5,676
<b>Total Instruction</b>	<u>1,617,069</u>	<u>101,144</u>	<u>1,718,213</u>	<u>1,448,509</u>	<u>269,704</u>
Support Services:					
Salaries Personal Services	466,957	158,892	625,849	604,773	21,076
Personal Services - Employee Benefits	174,149	105,867	280,016	262,937	17,079
Purchased Professional - Educational Services	227,031	54,813	281,844	228,923	52,921
Other Purchased Services (400-500 series)	22,351	6,299	28,650	184,400	(155,750)
Supplies and Materials	11,100	17,118	28,218	64,359	(36,141)
Transportation				2,193	(2,193)
Other Objects	19,175	6,056	25,231	15,225	10,006
<b>Total Support Services</b>	<u>920,763</u>	<u>349,045</u>	<u>1,269,808</u>	<u>1,372,088</u>	<u>(102,280)</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	29,600	4,350	33,950	-	33,950
<b>Total Facilities Acquisition and Construction Services</b>	<u>29,600</u>	<u>4,350</u>	<u>33,950</u>	<u>-</u>	<u>33,950</u>
<b>Total Expenditures</b>	<u>2,567,432</u>	<u>454,539</u>	<u>3,021,971</u>	<u>2,820,597</u>	<u>201,374</u>
Other Financing Sources (Uses):					
Transfer from Operating Budget - CCC	4,361	28104	32,465	32,465	
Transfer from Operating Budget - Pre K	53,784	4361	58,145	53,085	5,060
<b>Total Outflows</b>	<u>2,509,287</u>	<u>422,074</u>	<u>2,931,361</u>	<u>2,735,047</u>	<u>196,314</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 For the Fiscal Year Ended June 30, 2019

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 23,183,936	\$ 2,735,047
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(9,687)
Prior Year		185,758
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	968,592	32,214
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(1,006,923)</u>	<u>(32,214)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 23,145,605</u>	<u>\$ 2,911,118</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 23,687,770	\$ 2,820,597
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(9,687)
Prior Year		185,758
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 23,687,770</u>	<u>\$ 2,996,668</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

# **ACCOUNTING AND REPORTING FOR PENSIONS**

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

	<u>Measurement Date Ending June 30,</u>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0228561652%	0.0226114570%	0.0255715502%	0.0243821386%	0.0262924299%	0.0261298390%
School District's Proportionate Share of the Net Pension Liability	\$ 4,500,265	\$ 5,263,586	\$ 7,573,560	\$ 5,473,302	\$ 4,922,662	\$ 4,993,931
School District's Covered Payroll (Plan Measurement Period)	\$ 1,664,280	\$ 1,625,892	\$ 1,874,560	\$ 1,756,660	\$ 2,007,976	\$ 1,913,688
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	270.40%	323.74%	404.02%	311.57%	245.16%	260.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	<u>Fiscal Year Ended June 30,</u>					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 227,087	\$ 227,345	\$ 209,471	\$ 227,174	\$ 209,621	\$ 216,751
Contributions in Relation to the Contractually Required Contribution	<u>(227,087)</u>	<u>(227,345)</u>	<u>(209,471)</u>	<u>(227,174)</u>	<u>(209,621)</u>	<u>(216,751)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 1,717,012	\$ 1,624,947	\$ 1,567,526	\$ 1,629,925	\$ 1,719,534	\$ 1,706,336
Contributions as a Percentage of School District's Covered Payroll	13.23%	13.99%	13.36%	13.94%	12.19%	12.70%

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

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

	<b>Measurement Date Ending June 30,</b>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>52,642,031</u>	<u>55,321,111</u>	<u>63,491,764</u>	<u>51,113,899</u>	<u>42,254,253</u>	<u>39,378,966</u>
	<u>\$ 52,642,031</u>	<u>\$ 55,321,111</u>	<u>\$ 63,491,764</u>	<u>\$ 51,113,899</u>	<u>\$ 42,254,253</u>	<u>\$ 39,378,966</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 10,137,752	\$ 10,239,960	\$ 9,829,000	\$ 9,408,144	\$ 9,437,536	\$ 9,068,600
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	519.27%	540.25%	645.96%	543.29%	447.73%	434.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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This schedule is not applicable.

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

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2019

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**Teachers' Pension and Annuity Fund (TPAF)**

Changes in Benefit Terms - None

Changes in Assumptions - The Discount Rate changed at June 30th over the following years, 4.68% 2014, 4.13% 2015, 3.22% 2016, 4.25% 2017 and 4.86% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011- June 30, 2015 experience study.

**Public Employees' Retirement System (PERS)**

Changes in Benefit Terms - None

Changes in Assumptions - The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.



**REQUIRED SUPPLEMENTARY INFORMATION  
PART IV**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios  
 Last Two Plan Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2018</u>	<u>2017</u>
<b>Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District</b>		
Changes for the Year:		
Service Cost	\$ 1,738,259	\$ 2,097,019
Interest Cost	1,709,899	1,477,512
Difference Between Expected and Actual Experience	(5,653,978)	
Changes in Assumptions	(4,458,674)	(6,276,071)
Gross Benefit Payments	(1,038,938)	(1,077,534)
Member Contributions	35,907	39,678
Net Change in Total Non-Employer OPEB Liability	(7,667,525)	(3,739,396)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	46,521,379	50,260,775
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 38,853,854.00</u>	<u>\$ 46,521,379.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 10,424,378.00</u>	<u>\$ 9,894,593.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	372.72%	470.17%

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part IV  
For the Fiscal Year Ended June 30, 2019

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Changes in Benefit Terms - None

Differences Between Expected and Actual Experience - The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes of Assumptions - The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2019

	<u>Total</u>	<u>Other Local Grants</u>	<u>CCC Grant</u>	<u>Chapter 192</u>			<u>Chapter 193</u>			<u>Total Carried Forward</u>
				<u>Nonpublic Compensatory Education</u>	<u>Nonpublic E.S.L.</u>	<u>Nonpublic Transportation</u>	<u>Nonpublic Examination and Classification</u>	<u>Nonpublic Corrective Speech</u>	<u>Nonpublic Supplementary Instruction</u>	
<b>REVENUES:</b>										
Federal Sources	\$ 1,655,764									\$ 1,655,764
State Sources	777,928			\$ 51,183	\$ 3,710	\$ 3,397	\$ 18,746	\$ 21,516	\$ 12,212	667,164
Local Sources	301,355	\$ 15,385	\$ 255,245							30,725
<b>Total Revenues</b>	<b>\$ 2,735,047</b>	<b>\$ 15,385</b>	<b>\$ 255,245</b>	<b>\$ 51,183</b>	<b>\$ 3,710</b>	<b>\$ 3,397</b>	<b>\$ 18,746</b>	<b>\$ 21,516</b>	<b>\$ 12,212</b>	<b>\$ 2,353,653</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Salaries of Teachers	\$ 726,194		\$ 61,848							\$ 664,346
Other Salaries for Instruction	28,675									28,675
Purchased Professional and Technical Services	192,840		123,804							69,036
Other Purchased Services	81,699	\$ 4,260	119							77,320
General Supplies	36,839		4,240							32,599
Tuition	379,425									379,425
Other Objects	2,837									2,837
<b>Total Instruction</b>	<b>1,448,509</b>	<b>4,260</b>	<b>190,011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,254,238</b>
<b>Support Services:</b>										
Salaries Personal Services	604,773	5,500	90,449							508,824
Personal Services - Employee Benefits	262,937		6,500							256,437
Purchased Professional - Educational Services	228,923			\$ 51,183	\$ 3,710	\$ 3,397	\$ 18,746	\$ 21,516	\$ 12,212	118,159
Purchased Technical Services	9,278									9,278
Other Purchased Services (400-500 series)	184,400									184,400
Supplies and Materials	64,359	5,625								58,734
Transportation	2,193									2,193
Other Objects	15,225		750							14,475
<b>Total Support Services</b>	<b>1,372,088</b>	<b>11,125</b>	<b>97,699</b>	<b>51,183</b>	<b>3,710</b>	<b>3,397</b>	<b>18,746</b>	<b>21,516</b>	<b>12,212</b>	<b>1,152,500</b>
<b>Facilities Acquisition and Construction Services:</b>										
Instructional Equipment	-									-
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>2,820,597</b>	<b>15,385</b>	<b>287,710</b>	<b>51,183</b>	<b>3,710</b>	<b>3,397</b>	<b>18,746</b>	<b>21,516</b>	<b>12,212</b>	<b>2,406,738</b>
<b>Other Financing Sources (Uses):</b>										
Transfer from Operating Budget - CCC	32,465		32,465							
Transfer from Operating Budget - Pre K	53,085									53,085
<b>Total Outflows</b>	<b>2,735,047</b>	<b>15,385</b>	<b>255,245</b>	<b>51,183</b>	<b>3,710</b>	<b>3,397</b>	<b>18,746</b>	<b>21,516</b>	<b>12,212</b>	<b>2,353,653</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2019

	Total Carried Forward	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Preschool Education Aid	School Based Youth Service Program Clayton Place	Family Friendly Center	Total Brought Forward
<b>REVENUES:</b>									
Federal Sources	\$ 1,655,764								\$ 1,655,764
State Sources	667,164	\$ 11,252	\$ 20,467	\$ 7,567	\$ 31,650	\$ 322,140	\$ 228,679	\$ 45,409	-
Local Sources	30,725					30,725			-
<b>Total Revenues</b>	<b>\$ 2,353,653</b>	<b>\$ 11,252</b>	<b>\$ 20,467</b>	<b>\$ 7,567</b>	<b>\$ 31,650</b>	<b>\$ 352,865</b>	<b>\$ 228,679</b>	<b>\$ 45,409</b>	<b>\$ 1,655,764</b>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries of Teachers	\$ 664,346					\$ 224,079			\$ 440,267
Other Salaries for Instruction	28,675								28,675
Purchased Professional and Technical Services	69,036			\$ 7,567					61,469
Other Purchased Services	77,320					77,320			-
General Supplies	32,599					2,996			29,603
Tuition	379,425								379,425
Other Objects	2,837								2,837
<b>Total Instruction</b>	<b>1,254,238</b>	<b>-</b>	<b>-</b>	<b>7,567</b>	<b>-</b>	<b>304,395</b>	<b>-</b>	<b>-</b>	<b>942,276</b>
<b>Support Services:</b>									
Salaries Personal Services	508,824					24,677	\$ 181,266	\$ 38,512	264,369
Personal Services - Employee Benefits	256,437					53,197	33,169	2,892	167,179
Purchased Professional - Educational Services	118,159	\$ 11,252	\$ 20,467		\$ 31,650			250	54,540
Purchased Technical Services	9,278								9,278
Other Purchased Services (400-500 series)	184,400					23,681			160,719
Supplies and Materials	58,734						3,849	1,743	53,142
Transportation	2,193								2,193
Other Objects	14,475						10,395	2,012	2,068
<b>Total Support Services</b>	<b>1,152,500</b>	<b>11,252</b>	<b>20,467</b>	<b>-</b>	<b>31,650</b>	<b>101,555</b>	<b>228,679</b>	<b>45,409</b>	<b>713,488</b>
<b>Facilities Acquisition and Construction Services:</b>									
Instructional Equipment	-								-
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>2,406,738</b>	<b>11,252</b>	<b>20,467</b>	<b>7,567</b>	<b>31,650</b>	<b>405,950</b>	<b>228,679</b>	<b>45,409</b>	<b>1,655,764</b>
<b>Other Financing Sources (Uses):</b>									
Transfer from Operating Budget - Pre K	53,085					53,085			
<b>Total Outflows</b>	<b>2,353,653</b>	<b>11,252</b>	<b>20,467</b>	<b>7,567</b>	<b>31,650</b>	<b>352,865</b>	<b>228,679</b>	<b>45,409</b>	<b>1,655,764</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2019

	Total Carried Forward	Preschool Expansion	Title I Part A	Title II Part A	Title III	I.D.E.A. Part B Basic	I.D.E.A. Preschool	CCLC
<b>REVENUES:</b>								
Federal Sources	\$ 1,655,764	\$ 542,261	\$ 415,167	\$ 62,804	\$ 16,897	\$ 400,487	\$ 18,233	\$ 199,915
State Sources	-							
Local Sources	-							
<b>Total Revenues</b>	<b>\$ 1,655,764</b>	<b>\$ 542,261</b>	<b>\$ 415,167</b>	<b>\$ 62,804</b>	<b>\$ 16,897</b>	<b>\$ 400,487</b>	<b>\$ 18,233</b>	<b>\$ 199,915</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	\$ 440,267	\$ 111,308	\$ 266,616		\$ 2,440			\$ 59,903
Other Salaries for Instruction	28,675		28,675					
Purchased Professional and Technical Services	61,469		16,774		3,000	\$ 39,295		2,400
Other Purchased Services	-							
General Supplies	29,603		11,821		10,639			7,143
Tuition	379,425					361,192	\$ 18,233	
Other Objects	2,837							2,837
<b>Total Instruction</b>	<b>942,276</b>	<b>111,308</b>	<b>323,886</b>		<b>16,079</b>	<b>400,487</b>	<b>18,233</b>	<b>72,283</b>
<b>Support Services:</b>								
Salaries Personal Services	264,369	141,179	9,832	\$ 13,605				99,753
Personal Services - Employee Benefits	167,179	86,199	72,171					8,809
Purchased Professional - Educational Services	54,540	5,030		41,260				8,250
Purchased Technical Services	9,278		9,278					
Other Purchased Services (400-500 series)	160,719	142,766		7,394	518			10,041
Supplies and Materials	53,142	51,518		545	300			779
Transportation	2,193	2,193						
Other Objects	2,068	2,068						
<b>Total Support Services</b>	<b>713,488</b>	<b>430,953</b>	<b>91,281</b>	<b>62,804</b>	<b>818</b>			<b>127,632</b>
<b>Facilities Acquisition and Construction Services:</b>								
Instructional Equipment	-							
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,655,764</b>	<b>542,261</b>	<b>415,167</b>	<b>62,804</b>	<b>16,897</b>	<b>400,487</b>	<b>18,233</b>	<b>199,915</b>
<b>Other Financing Sources (Uses):</b>								
Transfer from Operating Budget - Pre K	-							
<b>Total Outflows</b>	<b>1,655,764</b>	<b>542,261</b>	<b>415,167</b>	<b>62,804</b>	<b>16,897</b>	<b>400,487</b>	<b>18,233</b>	<b>199,915</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Special Revenue Fund  
Preschool Education Aid Schedule - Budgetary Basis  
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
Instruction			
Salaries of Teachers	\$ 227,975	\$ 224,079	\$ 3,896
Other Purchased Services	72,172	77,320	(5,148)
Supplies	13,406	2,996	10,410
	<u>313,553</u>	<u>304,395</u>	<u>9,158</u>
Total instruction			
Support services			
Salaries Personal Services	24,705	24,677	28
Personal Services - Employee Benefits	53,198	53,197	1
Other Purchased Services (400-500 series)	29,681	23,681	6,000
	<u>107,584</u>	<u>101,555</u>	<u>6,029</u>
Total support services			
Total expenditures	<u>\$ 421,137</u>	<u>\$ 405,950</u>	<u>\$ 15,187</u>

**Calculation of Budget and Carryover**

Total Revised 2018-2019 Preschool Education Aid Allocation	\$ 322,140
Add: Actual ECPA Carryover (June 30, 2018)	113,951
Add: Budgeted Local Revenue	30,725
Add: Budgeted Transfer from the General Fund 2018-19	<u>53,085</u>
Total Preschool Education Aid Funds Available for 2018-19 Budget	519,901
Less: 2018-19 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(421,137)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2019	98,764
Add: 2018-19 Unexpended Preschool Education Aid	15,187
Less: 2018-19 Commissioner Approved Transfer to General Fund	<u>-</u>
2018-2019 Carryover -- Preschool Education Aid	<u>\$ 113,951</u>
2018-2019 Preschool Education Aid Carryover Budgeted in 2019-20	<u>\$ 22,335</u>

**PROPRIETARY FUNDS**

## BOROUGH OF CLAYTON SCHOOL DISTRICT

Proprietary Fund  
Statement of Net Position  
June 30, 2019

	Business-Type Activities - <u>Enterprise Fund</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 116,802
Accounts Receivable:	
State	340
Federal	23,742
Interfund	3,885
Inventories	<u>4,491</u>
Total Current Assets	<u>149,260</u>
Noncurrent Assets:	
Equipment	353,558
Less Accumulated Depreciation	<u>270,541</u>
Total Noncurrent Assets	<u>83,017</u>
Total Assets	<u>232,277</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>1,361</u>
Total Current Liabilities	<u>1,361</u>
NET POSITION:	
Net Investment in Capital Assets	83,017
Unrestricted	<u>147,899</u>
Total Net Position	<u><u>\$ 230,916</u></u>

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Proprietary Fund  
 Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2019

	Business-Type Activities - Enterprise Fund
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 129,857
Daily Sales - Non-Reimbursable Programs	112,180
Special Functions	4,422
	246,459
Total Operating Revenues	
OPERATING EXPENSES:	
Salaries	276,930
Employee Benefits	40,223
Supplies and Materials	16,474
Cost of Sales - Reimbursable Programs	279,310
Cost of Sales - Non-Reimbursable Programs	52,808
Management Fee	54,625
Repair and Maintenance	8,364
Depreciation	10,210
	738,944
Total Operating Expenses	
Operating Income (Loss)	
	(492,485)
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	6,706
Federal Sources:	
Healthy Hunger Free Kids Program	7,558
After School Snack	12,672
National School Lunch Program	280,492
School Breakfast Program	132,161
United States Department of Agriculture Commodities	47,279
Interest and Investment Revenue	729
	487,597
Total Nonoperating Revenues	
Change in Net Position	
	(4,888)
Total Net Position -- July 1	
	235,804
Total Net Position -- June 30	
	\$ 230,916

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Proprietary Fund  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2019

	Business-Type Activities - Enterprise Fund
	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 243,947
Payments to Employees	(276,930)
Payments for Employee Benefits	(40,223)
Payments to Suppliers	<u>(362,666)</u>
Net Cash Provided by (used for) Operating Activities	<u>(435,872)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Cash Received from State and Federal Reimbursements	<u>436,472</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>436,472</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and Dividends	<u>729</u>
Net Cash Provided by (used for) Investing Activities	<u>729</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,329
Cash and Cash Equivalents -- July 1	<u>115,473</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 116,802</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>	
by Operating Activities:	
Operating Income (Loss)	\$ (492,485)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	10,210
Federal Commodities	47,279
(Increase) Decrease in Inventories	1,637
Increase (Decrease) in Other Current Liabilities	<u>(2,513)</u>
Total Adjustments	<u>56,613</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (435,872)</u></u>

**FIDUCIARY FUNDS**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2019

	Private Purpose Trust Fund	Agency Funds		Total
	Scholarship Trust	Student Activity	Payroll	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ -	\$ 212,107	\$ 25,753	\$ 237,860
Total Assets	<u>-</u>	<u>\$ 212,107</u>	<u>\$ 25,753</u>	<u>237,860</u>
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 212,107		212,107
Payroll Deductions and Withholdings			\$ 25,753	25,753
Total Liabilities		<u>\$ 212,107</u>	<u>\$ 25,753</u>	<u>237,860</u>
<b>NET POSITION:</b>				
Held in Trust for Other Purposes	<u>-</u>			
Total Net Position	<u>\$ -</u>			<u>\$ -</u>

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust Fund	
	Scholarship <u>Trust</u>	
<b>ADDITIONS:</b>		
Investment Earnings		
Interest	\$ -	
Net Investment Earnings	-	
Total Additions	-	
<b>DEDUCTIONS:</b>		
Scholarship Payments	2,774	
Total Deductions	2,774	
Change in Net Position	(2,774)	
Net Position-- July 1	2,774	
Net Position -- June 30	\$ -	



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2019

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	<u>Balance</u> <u>June 30, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Herma Simmons Elementary School	\$ 13,225	\$ 15,054	\$ 14,881	\$ 13,398
Clayton High School	<u>183,938</u>	<u>361,319</u>	<u>346,548</u>	<u>198,709</u>
Total All Schools	<u>\$ 197,163</u>	<u>\$ 376,373</u>	<u>\$ 361,429</u>	<u>\$ 212,107</u>

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2019

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	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 24,817	\$ 13,923,035	\$ 13,922,099	\$ 25,753
Total Assets	<u>\$ 24,817</u>	<u>\$ 13,923,035</u>	<u>\$ 13,922,099</u>	<u>\$ 25,753</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 24,817	\$ 13,923,035	\$ 13,922,099	\$ 25,753
Total Liabilities	<u>\$ 24,817</u>	<u>\$ 13,923,035</u>	<u>\$ 13,922,099</u>	<u>\$ 25,753</u>

**LONG-TERM DEBT**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2019

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
Serial Bonds:									
School Bond - Series 2010	1/28/10	\$ 10,017,000	9/1/19	\$ 355,000	3.750%	\$ 8,692,000		\$ 340,000	\$ 8,352,000
			9/1/20	370,000	3.750%				
			9/1/21	390,000	3.750%				
			9/1/22	410,000	3.750%				
			9/1/23	430,000	4.000%				
			9/1/24	450,000	4.000%				
			9/1/25	475,000	4.000%				
			9/1/26	495,000	4.000%				
			9/1/27	520,000	4.000%				
			9/1/28	545,000	4.000%				
			9/1/29	575,000	4.000%				
			9/1/30	600,000	4.000%				
			9/1/31	630,000	4.125%				
			9/1/32	665,000	4.250%				
			9/1/33	695,000	4.375%				
			9/1/34	747,000	4.375%				
School Bond - Series 2015	3/18/15	9,730,000	3/1/20	295,000	3.000%	9,160,000		285,000	8,875,000
			3/1/21	310,000	3.000%				
			3/1/22	320,000	3.125%				
			3/1/23	330,000	3.125%				
			3/1/24	340,000	3.125%				
			3/1/25	355,000	3.125%				
			3/1/26	370,000	3.125%				
			3/1/27	385,000	3.125%				
			3/1/28	400,000	3.125%				
			3/1/29	415,000	3.125%				
			3/1/30	430,000	3.125%				
			3/1/31	445,000	3.125%				
			3/1/32	455,000	3.125%				
			3/1/33	465,000	3.125%				
			3/1/34	480,000	3.250%				
			3/1/35	490,000	3.250%				
3/1/36	500,000	3.250%							
3/1/37	515,000	3.375%							
3/1/38	525,000	3.500%							
3/1/39	525,000	4.000%							
3/1/40	525,000	4.000%							
						<u>\$ 17,852,000</u>	<u>\$ -</u>	<u>\$ 625,000</u>	<u>\$ 17,227,000</u>

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2019

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2018 (a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2019 (a)</u>
			<u>Principal</u>	<u>Interest</u>					
Buses, Technology and Equipment	6/15/2017	5 yrs.	\$ 700,552	\$ 30,371	1.85%	\$ 602,789	\$ -	\$ 146,579	\$ 456,210
						<u>\$ 602,789</u>	<u>\$ -</u>	<u>\$ 146,579</u>	<u>\$ 456,210</u>

(a) Future Interest Payments Removed from Carrying Value of Leases.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,158,224	_____	\$ 1,158,224	\$ 1,158,224	_____ -
State Sources:					
Debt Service Aid Type II	110,270	_____	110,270	110,270	_____ -
Total Revenues	<u>1,268,494</u>	_____	<u>1,268,494</u>	<u>1,268,494</u>	_____ -
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	643,494	_____	643,494	643,494	_____ -
Redemption of Principal	625,000	_____	625,000	625,000	_____ -
Total Regular Debt Service	<u>1,268,494</u>	_____	<u>1,268,494</u>	<u>1,268,494</u>	_____ -
Total Expenditures	<u>1,268,494</u>	_____	<u>1,268,494</u>	<u>1,268,494</u>	_____ -
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	_____	_____	_____	_____	_____
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATISTICAL SECTION**

## **Financial Trends Information**

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



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

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental Activities</b>										
Net Investment in Capital Assets										
Restricted	\$ 14,545,809	\$ 15,067,002	\$ 15,893,719	\$ 12,210,291	\$ 8,425,051	\$ 17,126,337	\$ 17,369,817	\$ 16,944,785	\$ 13,399,931	\$ (1,288,491)
Unrestricted (Deficit)	480,760	934,619	1,012,146	4,958,988	9,898,712	1,687,656	2,081,430	1,709,166	6,436,824	1,929,955
	<u>(6,202,285)</u>	<u>(6,096,211)</u>	<u>(6,060,518)</u>	<u>(5,401,545)</u>	<u>(5,819,464)</u>	<u>(501,567)</u>	<u>(833,979)</u>	<u>(737,000)</u>	<u>(625,526)</u>	<u>17,993,256</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 8,824,284</u>	<u>\$ 9,905,410</u>	<u>\$ 10,845,347</u>	<u>\$ 11,767,734</u>	<u>\$ 12,504,299</u>	<u>\$ 18,312,426</u>	<u>\$ 18,617,268</u>	<u>\$ 17,916,951</u>	<u>\$ 19,211,229</u>	<u>\$ 18,634,720</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets										
Restricted	\$ 83,017	\$ 93,227	\$ 105,535	\$ 109,568	\$ 46,885	\$ 57,215	\$ 71,852	\$ 148,799	\$ 64,418	\$ 30,263
Unrestricted	147,899	142,577	154,652	141,153	202,101	207,846	130,965	89,777	155,553	172,716
	<u>\$ 230,916</u>	<u>\$ 235,804</u>	<u>\$ 260,187</u>	<u>\$ 250,721</u>	<u>\$ 248,986</u>	<u>\$ 265,061</u>	<u>\$ 202,817</u>	<u>\$ 238,576</u>	<u>\$ 219,971</u>	<u>\$ 202,979</u>
<b>Total Business-type Activities Net Position</b>	<u>\$ 230,916</u>	<u>\$ 235,804</u>	<u>\$ 260,187</u>	<u>\$ 250,721</u>	<u>\$ 248,986</u>	<u>\$ 265,061</u>	<u>\$ 202,817</u>	<u>\$ 238,576</u>	<u>\$ 219,971</u>	<u>\$ 202,979</u>
<b>District-wide</b>										
Net Investment in Capital Assets										
Restricted	\$ 14,628,826	\$ 15,160,229	\$ 15,999,254	\$ 12,319,859	\$ 8,471,936	\$ 17,183,552	\$ 17,441,669	\$ 17,093,584	\$ 13,464,349	\$ (1,258,228)
Unrestricted (Deficit)	480,760	934,619	1,012,146	4,958,988	9,898,712	1,687,656	2,081,430	1,709,166	6,436,824	1,929,955
	<u>(6,054,386)</u>	<u>(5,953,634)</u>	<u>(5,905,866)</u>	<u>(5,260,392)</u>	<u>(5,617,363)</u>	<u>(293,721)</u>	<u>(703,014)</u>	<u>(647,223)</u>	<u>(469,973)</u>	<u>18,165,972</u>
<b>Total District-wide Net Position</b>	<u>\$ 9,055,200</u>	<u>\$ 10,141,214</u>	<u>\$ 11,105,534</u>	<u>\$ 12,018,455</u>	<u>\$ 12,753,285</u>	<u>\$ 18,577,487</u>	<u>\$ 18,820,085</u>	<u>\$ 18,155,527</u>	<u>\$ 19,431,200</u>	<u>\$ 18,837,699</u>

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

Source: District Records

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

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 8,098,216	\$ 8,179,123	\$ 7,506,505	\$ 7,386,907	\$ 7,361,734	\$ 9,418,124	\$ 8,895,815	\$ 8,511,190	\$ 7,249,196	\$ 7,896,392
Special Education	1,606,489	1,993,424	2,015,086	1,875,425	1,546,903	2,245,943	2,125,994	2,320,908	1,860,147	1,274,326
Other Instruction	841,754	696,709	622,055	639,403	757,159	865,437	691,470	869,407	794,398	923,740
Nonpublic School Programs										2,015
Support Services:										
Tuition	1,886,946	1,687,761	1,266,009	1,683,963	1,374,384	1,012,585	1,412,073	1,638,314	1,780,612	1,871,665
Student & Instruction Related Services	3,549,786	2,984,981	2,709,499	2,764,112	2,607,540	3,374,956	3,778,608	3,916,950	4,004,377	3,792,332
General Administrative Services	475,705	490,636	466,160	467,282	463,038	427,067	384,920	453,296	400,642	946,867
School Administrative Services	1,055,421	939,519	1,012,850	1,006,026	1,009,556	1,905,491	1,862,950	1,767,181	1,489,295	1,005,419
Central Services	321,016	317,920	279,232	276,765	262,968					
Administrative Information Technology	128,079	120,593	125,496	100,457	114,762					
Plant Operations and Maintenance	1,577,379	1,541,896	1,519,818	1,564,456	1,553,580	2,244,318	2,081,648	2,112,102	1,661,055	1,693,575
Pupil Transportation	1,203,924	839,399	887,879	850,770	879,291	800,164	822,445	880,756	667,844	1,121,077
Unallocated Benefits	11,316,376	11,141,478	10,243,274	5,955,626	5,898,914					
Interest on Long-term Debt	792,683	812,537	989,537	581,074	474,777	420,347	384,664	471,521	513,331	340,271
<b>Total Governmental Activities Expenses</b>	<b>32,853,773</b>	<b>31,745,976</b>	<b>29,643,400</b>	<b>25,152,266</b>	<b>24,304,606</b>	<b>22,714,432</b>	<b>22,440,587</b>	<b>22,941,625</b>	<b>20,420,897</b>	<b>20,867,679</b>
Business-type Activities:										
Food Service	738,944	748,970	738,014	742,946	649,704	553,581	654,518	553,477	489,561	481,895
<b>Total Business-type Activities Expense</b>	<b>738,944</b>	<b>748,970</b>	<b>738,014</b>	<b>742,946</b>	<b>649,704</b>	<b>553,581</b>	<b>654,518</b>	<b>553,477</b>	<b>489,561</b>	<b>481,895</b>
<b>Total District Expenses</b>	<b>\$ 33,592,717</b>	<b>\$ 32,494,946</b>	<b>\$ 30,381,414</b>	<b>\$ 25,895,212</b>	<b>\$ 24,954,310</b>	<b>\$ 23,268,013</b>	<b>\$ 23,095,105</b>	<b>\$ 23,495,102</b>	<b>\$ 20,910,458</b>	<b>\$ 21,349,574</b>

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

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)	\$ 247,216	\$ 195,207	\$ 185,006	\$ 302,426	\$ 377,792	\$ 383,352	\$ 416,185	\$ 94,911	\$ 287,198	\$ 289,875
Operating Grants and Contributions	7,358,549	7,414,149	2,574,856	2,625,395	2,219,717	1,977,892	2,428,089	2,419,161	2,378,471	2,551,827
Total Governmental Activities Program Revenues	7,605,765	7,609,356	2,759,862	2,927,821	2,597,509	2,361,244	2,844,274	2,514,072	2,665,669	2,841,702
Business-type activities:										
Charges for services										
Food Service	246,459	242,594	224,722	217,356	213,244	193,346	197,050	202,169	209,021	221,730
Operating Grants and Contributions	486,868	481,748	522,543	527,020	420,019	422,236	416,185	369,750	296,873	321,148
Total Business-type Activities Program Revenues	733,327	724,342	747,265	744,376	633,263	615,582	613,235	571,919	505,894	542,878
Total District Program Revenues	\$ 8,339,092	\$ 8,333,698	\$ 3,507,127	\$ 3,672,197	\$ 3,230,772	\$ 2,976,826	\$ 3,457,509	\$ 3,085,991	\$ 3,171,563	\$ 3,384,580
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (25,248,008)	\$ (24,136,620)	\$ (26,883,538)	\$ (22,224,445)	\$ (21,707,097)	\$ (20,353,188)	\$ (19,596,313)	\$ (20,427,473)	\$ (17,755,228)	\$ (18,025,977)
Business-type Activities	(5,617)	(24,628)	9,251	1,430	(16,441)	62,001	(35,930)	18,442	16,513	60,983
Total District-wide Net Expense	\$ (25,253,625)	\$ (24,161,248)	\$ (26,874,287)	\$ (22,223,015)	\$ (21,723,538)	\$ (20,291,187)	\$ (19,632,243)	\$ (20,409,031)	\$ (17,738,715)	\$ (17,964,994)

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

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,608,304	\$ 8,439,514	\$ 8,221,569	\$ 7,960,694	\$ 7,711,155	\$ 7,559,956	\$ 7,411,722	\$ 7,164,595	\$ 6,942,151	\$ 6,783,799
Taxes Levied for Debt Service	1,158,224	1,148,857	1,113,829	971,866	847,062	692,859	924,356	902,701	865,594	381,857
Federal & State Aid not Restricted	14,018,993	13,270,811	16,425,223	12,056,485	11,782,620	11,322,732	11,358,679	10,862,334	10,120,489	9,400,298
State Aid Restricted		4,916	12,834	50,911	279,744	288,728	303,406	302,671	303,589	10,344,088
Tuition Received									50,479	9,444
Transportation						17,749	24,501	24,863	4,519	8,174
Investment Earnings	12,602	4,019	2,701	2,689	4,353	249	4,884	1,789	23,405	22,548
Miscellaneous Income	368,760	335,705	184,995	445,235	267,967	166,073	269,082	181,213	100,212	19,363
Loss on Disposal of Capital Assets		(7,139)								
Transfers								(306,971)	(78,701)	
<b>Total Governmental Activities</b>	<b>24,166,883</b>	<b>23,196,683</b>	<b>25,961,151</b>	<b>21,487,880</b>	<b>20,893,901</b>	<b>20,048,346</b>	<b>20,296,630</b>	<b>19,133,195</b>	<b>18,331,737</b>	<b>26,969,571</b>
Business-type Activities:										
Investment Earnings	729	245	215	305	366	243	171	163	479	590
<b>Total Business-type Activities</b>	<b>729</b>	<b>245</b>	<b>215</b>	<b>305</b>	<b>366</b>	<b>243</b>	<b>171</b>	<b>163</b>	<b>479</b>	<b>590</b>
<b>Total District-wide</b>	<b>\$ 24,167,612</b>	<b>\$ 23,196,928</b>	<b>\$ 25,961,366</b>	<b>\$ 21,488,185</b>	<b>\$ 20,893,267</b>	<b>\$ 20,048,589</b>	<b>\$ 20,296,801</b>	<b>\$ 19,133,358</b>	<b>\$ 18,332,216</b>	<b>\$ 26,970,161</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (1,081,125)	\$ (939,937)	\$ (922,387)	\$ (736,565)	\$ (814,196)	\$ (304,842)	\$ 700,317	\$ (1,294,278)	\$ 576,509	\$ 8,943,594
Business-type Activities	(4,888)	(24,383)	9,466	1,735	(16,075)	62,244	(35,759)	18,605	16,992	61,573
<b>Total District</b>	<b>\$ (1,086,013)</b>	<b>\$ (964,320)</b>	<b>\$ (912,921)</b>	<b>\$ (734,830)</b>	<b>\$ (830,271)</b>	<b>\$ (242,598)</b>	<b>\$ 664,558</b>	<b>\$ (1,275,673)</b>	<b>\$ 593,501</b>	<b>\$ 9,005,167</b>

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

Source: District Records

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund										
Restricted	\$ 1,064,869	\$ 1,664,171	\$ 1,732,402	\$ 1,304,885	\$ 1,509,348	\$ 2,066,924	\$ 1,938,673	\$ 1,571,848	\$ 1,058,520	\$ 2,611,214
Unassigned (Deficit)	(539,165)	(510,752)	(567,188)	(511,917)	(526,824)	(551,601)	(547,140)	(469,797)	(366,965)	(486,322)
<b>Total General Fund</b>	<b>\$ 525,704</b>	<b>\$ 1,153,419</b>	<b>\$ 1,165,214</b>	<b>\$ 792,968</b>	<b>\$ 982,524</b>	<b>\$ 1,515,323</b>	<b>\$ 1,391,533</b>	<b>\$ 1,102,051</b>	<b>\$ 691,555</b>	<b>\$ 2,124,892</b>
All Other Governmental Funds										
Restricted			\$ 23,177	\$ 4,287,754	\$ 8,458,233	\$ 1,002			\$ 950,225	\$ 531,781
Unassigned (Deficit), Reported in:										
Special Revenue Fund	\$ (32,214)	\$ (32,214)	(32,214)	(32,214)	(29,913)	(28,379)	\$ (32,134)	\$ (32,270)	(29,336)	(29,336)
Capital Projects Fund									4,433,999	18,461,133
Debt Service Fund							171,221	170,220	22,506	22,506
<b>Total All Other Governmental Funds</b>	<b>\$ (32,214)</b>	<b>\$ (32,214)</b>	<b>\$ (9,037)</b>	<b>\$ 4,255,540</b>	<b>\$ 8,428,320</b>	<b>\$ (27,377)</b>	<b>\$ 139,087</b>	<b>\$ 137,950</b>	<b>\$ 5,377,394</b>	<b>\$ 18,986,084</b>

Source: District Records

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

	Fiscal Year Ending June 30.									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues</b>										
Tax Levy	\$ 9,766,528	\$ 9,588,371	\$ 9,335,398	\$ 8,932,560	\$ 8,558,217	\$ 8,252,815	\$ 8,336,078	\$ 8,067,296	\$ 7,807,745	\$ 7,165,656
Tuition Charges	247,216	195,207	185,006	302,426	377,792	383,352	416,185	94,991	50,479	9,444
Interest Earnings	12,602	4,019	2,701	2,689	4,353	249	4,884	1,789	23,405	22,548
Transportation		4,916	12,834	50,911		17,749	24,501	24,863	4,519	8,174
Miscellaneous	299,537	266,424	116,797	379,597	203,640	100,571	200,551	128,824	94,958	19,267
State Sources	14,752,659	13,950,158	13,196,047	12,760,433	12,770,481	12,327,266	12,450,970	11,349,260	11,116,550	20,165,718
Federal Sources	1,872,764	1,694,375	1,647,700	1,574,175	1,174,334	957,312	1,575,292	1,917,386	1,886,646	2,415,053
Local Sources	373,911	414,561	376,909	412,910	401,593	370,276	132,443	62,938	13,104	5,317
<b>Total Revenue</b>	<b>27,325,217</b>	<b>26,118,031</b>	<b>24,873,392</b>	<b>24,415,701</b>	<b>23,490,410</b>	<b>22,409,590</b>	<b>23,140,904</b>	<b>21,647,347</b>	<b>20,997,406</b>	<b>29,811,177</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	7,376,132	7,438,380	6,804,333	6,813,283	6,768,507	6,173,593	6,052,303	5,296,670	5,094,612	6,009,874
Special Education Instruction	1,500,272	1,857,803	1,845,964	1,746,289	1,430,636	1,529,854	1,496,740	1,513,907	1,329,185	1,013,298
Other Special Instruction	35,224	35,224	36,298	43,865	76,519					
Other Instruction	733,073	599,808	564,791	540,442	620,557	556,400	462,640	531,689	545,581	684,759
Adult/Continuing Education Programs										1,494
Support Services:										
Tuition	1,886,946	1,687,761	1,266,009	1,683,963	1,374,384	1,012,585	1,412,073	1,638,314	1,780,612	1,871,665
Student & Instruction Related Services	3,328,102	2,787,157	2,523,989	2,578,251	2,449,209	2,384,489	2,805,669	2,824,922	3,059,845	3,023,022
General Administrative&BusinessServices	475,705	490,636	466,160	467,282	463,038	427,067	384,918	453,296	400,642	458,106
School Administrative Services	959,296	851,918	919,611	912,954	920,437	906,008	907,994	797,524	760,027	745,306
Central Services	291,779									
Other Administrative Services	116,414	397,626	367,471	342,324	344,386	319,055	338,444	283,201	262,799	243,796
Plant Operations and Maintenance	1,433,715	1,398,129	1,367,159	1,419,722	1,416,437	1,442,898	1,392,761	1,291,662	1,140,787	1,255,429
Pupil Transportation	1,350,503	937,162	887,879	850,770	879,291	800,164	822,445	880,756	667,844	831,042
Unallocated Employee Benefits	6,971,829	6,410,961	5,916,798	5,865,653	5,857,860	5,473,022	5,272,964	4,671,624	4,288,414	3,894,281
Capital Outlay		546,292	4,355,331	4,541,373	1,568,443	275,323	274,573	5,064,852	14,352,137	1,444,632
Debt Service:	625,000									
Principal	800,366	595,000	605,000	295,000	725,000	715,000	767,000	745,000	625,000	600,000
Interest and Other Charges	68,576	819,697	838,930	676,866	402,808	436,806	459,761	482,878	544,183	136,360
<b>Total Expenditures</b>	<b>27,952,932</b>	<b>26,853,554</b>	<b>28,765,723</b>	<b>28,778,037</b>	<b>25,297,512</b>	<b>22,452,264</b>	<b>22,850,285</b>	<b>26,476,295</b>	<b>34,851,668</b>	<b>22,213,064</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(627,715)	(735,523)	(3,892,331)	(4,362,336)	(1,807,102)	(42,674)	290,619	(4,828,948)	(13,854,262)	7,598,113
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-budgeted)		700,551								
Bond Proceeds					9,730,000					10,017,096
Transfers In	85,550	58,145	58,145	58,145	65,788		772	172,009	105,572	22,548
Transfers Out	(85,550)	(58,145)	(58,145)	(58,145)	(65,788)		(772)	(172,009)	(105,572)	(22,548)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>700,551</b>	<b>-</b>	<b>-</b>	<b>9,730,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,017,096</b>
<b>Net Change in Fund Balances</b>	<b>\$ (627,715)</b>	<b>\$ (34,972)</b>	<b>\$ (3,892,331)</b>	<b>\$ (4,362,336)</b>	<b>\$ 7,922,898</b>	<b>\$ (42,674)</b>	<b>\$ 290,619</b>	<b>\$ (4,828,948)</b>	<b>\$ (13,854,262)</b>	<b>\$ 17,615,209</b>
Debt Service as a Percentage of Noncapital Expenditures	6.8%	5.4%	5.9%	4.0%	4.8%	5.2%	5.4%	5.7%	5.7%	3.5%

Source: District Records

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Interest on Investments	\$ 12,602	\$ 4,019	\$ 2,701	\$ 2,689	\$ 4,353	\$ 249	\$ 4,112	\$ 1,789	\$ 8,114	\$ 15,976
Miscellaneous	368,760	335,705	184,995	445,235	203,640	100,571	200,551	128,824	92,098	3,291
Tuition	247,216	195,207	185,006	302,426	377,792	383,352	416,185	94,991	50,479	9,444
Transportation Fees		4,916	12,834	50,911		17,749	24,501	24,863	4,519	8,174
	<u>\$ 628,578</u>	<u>\$ 539,847</u>	<u>\$ 385,536</u>	<u>\$ 801,261</u>	<u>\$ 585,785</u>	<u>\$ 501,921</u>	<u>\$ 645,349</u>	<u>\$ 250,467</u>	<u>\$ 155,210</u>	<u>\$ 36,885</u>

Source: District Records.

## **Revenue Capacity Information**

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



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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2019	\$ 8,607,200	\$ 402,659,200	\$ 1,494,800	\$ 218,600	\$ 27,824,900	\$ 11,517,700	\$ 13,445,300	\$ 465,767,700	\$ 195,300	\$ 1,191,531	\$ 466,959,231	\$ 490,254,184	\$ 2.129
2018	8,908,200	403,176,200	1,494,800	215,100	27,509,000	11,261,600	12,483,800	465,048,700	267,900	1,205,507	466,254,207	478,541,324	2.094
2017	8,863,900	403,208,600	1,494,800	234,200	27,678,400	11,261,600	12,483,800	465,225,300	257,500	1,167,008	466,392,308	467,027,459	2.055
2016	8,559,900	398,756,200	1,742,300	277,200	28,300,100	11,551,800	12,483,800	461,671,300	288,400	1,167,265	462,838,565	462,909,460	2.017
2015	10,480,800	394,604,900	2,009,900	299,100	28,899,300	11,604,100	13,254,700	461,142,800	252,800	1,159,167	462,301,767	458,708,482	1.932
2014	11,952,300	392,213,400	1,961,700	276,900	29,976,300	11,951,200	13,174,700	461,506,500	399,800	1,118,939	462,625,439	478,836,275	1.850
2013 (a)	13,299,600	392,831,800	2,824,500	361,200	29,108,900	12,275,400	14,141,900	464,843,300		1,156,928	466,000,228	485,974,721	1.771
2012	6,201,500	246,957,400	1,593,800	581,062	13,779,800	9,921,000	6,222,700	285,194,262	782,800	609,000	285,803,262	507,364,531	2.916
2011	6,348,600	247,167,800	1,814,700	518,052	13,852,500	11,957,000	6,222,700	287,882,262		618,193	288,500,455	521,761,379	2.796
2010	6,695,800	246,918,200	1,814,700	557,262	13,235,300	11,957,000	6,222,700	287,434,538		735,486	288,136,448	525,465,827	2.709

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

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

(a) Revaluation

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

Source: Municipal Tax Assessor

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Direct and Overlapping Property Tax Rates  
 Last Ten (Fiscal) Years  
 (rate per \$100 of assessed value)  
 Unaudited

Fiscal Year Ended <u>June 30,</u>	District Direct Rate			Overlapping Rates				Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate (1)</u>	General Obligation Debt <u>Service (2)</u>	Total Direct School <u>Tax Rate</u>	Library <u>District</u>	Clayton <u>Borough</u>	Open <u>Spaces</u>	County of <u>Gloucester</u>	
2019	\$ 1.876	\$ 0.253	\$ 2.129	\$ 0.048	\$ 0.994	\$ 0.042	\$ 0.677	\$ 3.890
2018	1.846	0.248	2.094	0.049	0.992	0.041	0.659	3.835
2017	1.809	0.246	2.055	0.048	0.992	0.041	0.634	3.770
2016	1.776	0.241	2.017	0.049	0.992	0.041	0.631	3.730
2015	1.722	0.210	1.932	0.046	0.992	0.041	0.609	3.620
2014	1.667	0.183	1.850	0.047	0.959	0.042	0.596	3.494
2013 (a)	1.662	0.149	1.771	0.045	0.925	0.043	0.586	3.370
2012	2.557	0.359	2.916	0.075	1.401	0.071	0.905	5.368
2011	2.454	0.342	2.796	0.074	1.357	0.072	0.904	5.203
2010	2.409	0.301	2.710	0.074	1.357	0.073	0.930	5.143

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

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

(a) Revaluation

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

Source: Municipal Tax Collector

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Principal Property Tax Payers  
 Current Year and Nine Years Ago  
 Unaudited

<u>Taxpayer</u>	<u>2019</u>			<u>2010</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Berk Cohen Assoc. at Rustic Village	\$ 8,761,500	1	25.17%	\$ 3,595,600	2	18.67%
Aleris Light Gauge Products, Inc.	6,941,900	2	19.94%	8,611,500	1	44.71%
Emerson Green 2 LLC	4,850,100	3	13.93%			
Realmarq Development LLC	3,238,300	4	9.30%			
Silver Lake Assoc.	3,034,600	5	8.72%			
Emerson Green 1 LLC	3,027,200	6	8.70%			
BDK LLC	1,350,800	7	3.88%			
Fulton Bank	1,291,000	8	3.71%	760,386	6	3.95%
Verizon Comm Inc.	1,191,531	9	3.42%	898,900	5	4.67%
American Stores Company LLC	1,125,200	10	3.23%			
Saiwood Corporation				730,800	10	3.79%
Hungerford & Terry Inc.				742,600	9	3.86%
Clayton Realty LLC				747,000	8	3.88%
NER Data Products, Inc.				750,000	7	3.89%
Clayton Apartments LTC Partnership				917,200	4	4.76%
HovBros Clayton Urban Renewal LLC				1,508,500	3	7.83%
<b>Total</b>	<b>\$ 34,812,131</b>		<b>100.00%</b>	<b>\$ 19,262,486</b>		<b>100.00%</b>

Source: Municipal Tax Assessor

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

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Fiscal Year <u>Ended June 30,</u>	School Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2019	\$ 9,766,528	\$ 9,766,528	100.00%	-
2018	9,588,371	9,588,371	100.00%	-
2017	9,335,398	9,335,398	100.00%	-
2016	8,932,559	8,932,559	100.00%	-
2015	8,558,217	8,558,217	100.00%	-
2014	8,252,815	8,252,815	100.00%	-
2013	8,336,078	8,336,078	100.00%	-
2012	8,067,295	8,067,295	100.00%	-
2011	7,807,745	7,807,745	100.00%	-
2010	7,165,656	7,165,656	100.00%	-

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

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

## **Debt Capacity Information**

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		Total District	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2019	\$ 17,227,000	-	-	-	-	\$ 17,227,000	NA	NA	
2018	17,852,000	-	-	-	-	17,852,000	NA	NA	
2017	18,447,000	-	-	-	-	18,447,000	NA	NA	
2016	19,052,000	-	-	-	-	19,052,000	NA	NA	
2015	19,347,000	-	-	-	-	19,347,000	NA	NA	
2014	10,342,000	-	-	-	-	10,342,000	NA	NA	
2013	11,057,000	-	-	-	-	11,057,000	NA	NA	
2012	11,824,000	-	-	-	-	11,824,000	NA	NA	
2011	12,569,000	-	-	-	-	12,569,000	NA	NA	
2010	13,194,000	-	-	-	-	13,194,000	NA	NA	

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

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

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

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

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

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<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (2)</u>
2019	\$ 17,227,000	-	\$ 17,227,000	3.69%	NA
2018	17,852,000	-	17,852,000	3.83%	NA
2017	18,447,000	-	18,447,000	3.96%	NA
2016	19,052,000	-	19,052,000	4.12%	NA
2015	19,347,000	-	19,347,000	4.18%	NA
2014	10,342,000	-	10,342,000	2.22%	NA
2013	11,057,000	-	11,057,000	3.87%	NA
2012	11,824,000	-	11,824,000	4.10%	NA
2011	12,569,000	-	12,569,000	4.36%	NA
2010	13,194,000	-	13,194,000	4.61%	NA

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

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

Source: District Records.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2019  
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Clayton	\$ 3,047,493	100.00%	\$ 3,047,493
<b>Other debt</b>			
County of Gloucester	214,100,554	1.81%	<u>3,875,220</u>
Subtotal, overlapping debt			6,922,713
<b>Borough of Clayton School District Direct Debt</b>			<u>17,227,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 24,149,713</u></u>

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

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

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



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

**Legal Debt Margin Calculation for Fiscal Year 2019**

	Equalized valuation basis
	2018 \$ 486,452,615
	2017 465,512,142
	2016 <u>460,887,791</u>
	<b>[A] \$ 1,412,852,548</b>
Average equalized valuation of taxable property	<b>[A/3] \$ 470,950,849.33</b>
Debt limit (4% of average equalization value) (1)	<b>[B] \$ 18,838,034</b>
Total Net Debt Applicable to Limit	<b>[C] <u>17,227,000</u></b>
Legal Debt Margin	<b>[B-C] \$ <u>1,611,034</u></b>

	Fiscal Year									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt limit	\$ 18,838,034	\$ 18,482,179	\$ 18,363,024	\$ 18,614,706	\$ 18,968,056	\$ 19,677,673	\$ 17,669,809	\$ 18,050,239	\$ 18,214,012	\$ 17,902,134
Total net debt applicable to limit	<u>17,227,000</u>	<u>17,852,000</u>	<u>18,447,000</u>	<u>19,052,000</u>	<u>19,347,000</u>	<u>10,342,000</u>	<u>11,057,000</u>	<u>11,824,000</u>	<u>12,569,000</u>	<u>13,194,000</u>
Legal debt margin	<u>\$ 1,611,034</u>	<u>\$ 630,179</u>	<u>\$ (83,976)</u>	<u>\$ (437,294)</u>	<u>\$ (378,944)</u>	<u>\$ 9,335,673</u>	<u>\$ 6,612,809</u>	<u>\$ 6,226,239</u>	<u>\$ 5,645,012</u>	<u>\$ 4,708,134</u>
Total net debt applicable to the limit as a percentage of debt limit	91.45%	96.59%	100.46%	102.35%	102.00%	52.56%	62.58%	65.51%	69.01%	73.70%

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

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

## **Demographic and Economic Information**

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

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

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2019	8,686	\$ 456,067,116	\$ 52,506	5.0%
2018	8,676	433,852,056	50,006	5.7%
2017	8,614	420,354,586	48,799	6.1%
2016	8,493	395,799,279	46,603	7.9%
2015	8,307	375,218,883	45,169	7.1%
2014	8,216	368,635,488	44,868	8.5%
2013	8,175	345,213,900	42,228	9.8%
2012	8,202	339,374,154	41,377	9.5%
2011	7,139	282,640,149	39,591	9.8%
2010	7,586	296,157,440	39,040	9.2%

**Source:**

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**

Principal Employers  
Current Year and Nine Years Ago  
Unaudited

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Amazon	4,500	1	N/A			N/A
Rowan University	3,500	2	N/A	1,300	4	N/A
Inspira Health	2,051	3	N/A			N/A
Underwood Memorial Hospital			N/A	1,825	1	N/A
Jefferson Health	2,015	4	N/A			N/A
Kennedy Health Alliance			N/A	1,200	5	N/A
Washington Township School District	1,550	5	N/A	1,504	2	N/A
Shop Rite	1,300	6	N/A			N/A
County of Gloucester	1,200	7	N/A	1,500	3	N/A
U.S. Foodservices	1,014	8	N/A	800	7	N/A
Monroe Township School District	811	9	N/A	714	8	N/A
Walmart - Turnersville	800	10	N/A			N/A
Missa Bay				950	6	N/A
Godwin Pumps				640	9	N/A
Valero				640	10	N/A
	<u>18,741</u>			<u>11,073</u>		

**Source:**

Gloucester County Office of Economic Development and Employer Directly

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

## **Operating Information**

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

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

<u>Function/Program</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Instruction										
Regular	93	93	93	93	93	93	99	78	77	87
Special education	20	20	20	20	20	20	26	22	22	18
Other special education										
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & instruction related services	47	47	47	47	47	47	36	36	36	26
General administrative services	2	2	2	2	2	2	2	2	2	4
School administrative services	12	12	12	12	12	12	12	12	12	11
Business administrative services	5	5	5	5	5	5	3	3	3	3
Plant operations and maintenance	11	14	14	14	14	14	12	12	10	10
Pupil transportation	12	9	10	10	10	10	12	12	12	5
Special Schools										
Food Service (custodians only)	2	2	2	1	1		2			
Child Care										
<b>Total</b>	<b>204</b>	<b>204</b>	<b>205</b>	<b>204</b>	<b>204</b>	<b>202</b>	<b>204</b>	<b>177</b>	<b>174</b>	<b>164</b>

**Source:** District Personnel Records

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

Fiscal	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Cost Per Pupil Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2019	1,436	\$ 26,490,463	\$ 18,447	6.94%	131	10.6:1	13.3:1	10.1:1	1,454	1,398	3.71%	96.15%
2018	1,443	24,892,565	17,251	8.69%	131	10.6:1	13.3:1	10.1:1	1,405	1,348	-1.53%	95.94%
2017	1,447	22,966,462	15,872	-1.21%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2016	1,448	23,264,798	16,067	2.94%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2015	1,448	22,601,261	15,609	3.86%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	1.71%	95.60%
2014	1,399	21,025,135	15,029	-3.81%	120	12.4:1	12.9:1	9.6:1	1,392	1,346	4.91%	96.70%
2013	1,384	21,623,525	15,624	6.05%	125	11.6:1	11.8:1	9.6:1	1,367	1,316	2.57%	96.27%
2012	1,370	20,183,565	14,733	1.52%	117	14.0:1	7.6:1	10.1:1	1,366	1,283	6.21%	93.92%
2011	1,332	19,330,348	14,512	-0.46%	116	14.0:1	7.6:1	10.1:1	1,322	1,208	-6.36%	91.38%
2010	1,374	20,032,072	14,579	10.89%	121	11.0:1	7.3:1	11.0:1	1,327	1,290	14.16%	97.21%

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

**Note:** Enrollment based on annual October district count.

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012*</u>	<u>2011</u>	<u>2010</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
E.S. Simmons Elementary										
Square Feet	95,421	95,421	95,421	95,421	95,421	95,421	95,421	95,421	96,191	96,191
Capacity (students)	763	763	763	763	763	763	763	763	638	638
Enrollment	714	669	735	743	757	733	719	724	787	787
<b><u>High School/Middle School</u></b>										
Clayton Middle School										
Square Feet	143,910	143,910	143,910	126,080	126,080	126,080	126,080	126,080	98,092	98,092
Capacity (students)	868	868	868	868	868	868	868	868	800	500
Enrollment	760	767	712	708	691	666	665	646	545	525

Number of Schools at June 30, 2019

Elementary = 1

High/Middle School= 1

Other = 1 (Performing Arts Center Added to High School Campus 1/1/18)

**Source:** District records, ASSA

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



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

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

* School Facilities	Project # (s)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Clayton Middle/Clayton High School	N/A	\$ 111,525	\$ 104,887	\$ 102,854	\$ 86,283	\$ 96,633	\$ 111,013	\$ 104,688	\$ 103,567	\$ 96,080	\$ 121,107
Clayton Elementary School	N/A	74,350	69,925	77,592	65,091	73,136	88,664	78,976	53,098	64,081	61,959
Total School Facilities		<u>185,875</u>	<u>174,812</u>	<u>180,446</u>	<u>151,374</u>	<u>169,769</u>	<u>199,677</u>	<u>183,664</u>	<u>156,665</u>	<u>160,161</u>	<u>183,066</u>
Grand Total		<u>\$ 185,875</u>	<u>\$ 174,812</u>	<u>\$ 180,446</u>	<u>\$ 151,374</u>	<u>\$ 169,769</u>	<u>\$ 199,677</u>	<u>\$ 183,664</u>	<u>\$ 156,665</u>	<u>\$ 160,161</u>	<u>\$ 183,066</u>

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

Source: District Records

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Insurance Schedule  
 June 30, 2019  
*Unaudited*

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	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property & Auto Physical Damage/Boiler & Machinery	\$ 42,176,993	\$ 1,000
Commercial Umbrella Liability		
General Liability	1,000,000/3,000,000	
Automobile Liability	1,000,000	500 / 1,000
School Board Legal Liability	1,000,000/2,000,000	7,500
Workers' Compensation (2)	2,000,000	
Student Accident Insurance CAT (3)	25,000	
Student Accident Base (4)		
Surety Bonds (5)	200,000	
Treasurer	20,000	
Board Secretary/Business Administrator		

- (1) Utica National Insurance Company
- (2) NJ School Board's Association Insurance Group
- (3) Arch Insurance Company
- (4) United State Fire Insurance Company
- (5) RLI Surety

Source: District Records

**SINGLE AUDIT SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Borough of Clayton School District's, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2019. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

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

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

**Opinion on Each Major Federal and State Program**

In our opinion, the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019.

**Report on Internal Control Over Compliance**

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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Glen J. Walton  
Certified Public Accountant  
Public School Accountant  
No. 2CS00205000

Voorhees, New Jersey  
December 18, 2019

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Pass-through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30, 2018	Unearned Revenue
					From	To		
<b>General Fund:</b>								
U.S. Department of Education								
Passed-through State Department of Education:								
Medical Assistance Program (Medicaid)	93.778	1905NJ5MAP	100-054-7540-211	\$ 47,747	7-1-2018	6-30-2019		
Total Medical Assistance Program (Medicaid) Cluster								
<b>Total General Fund</b>								
<b>Special Revenue Fund:</b>								
U.S. Department of Education								
Passed-through State Department of Education:								
N.C.L.B. / E.S.S.A.:								
Title I Grants to Local Educational Agencies (Title I, Part A), Carryover	84.010	S010A170030	NCLB086018	438,534	7-1-2017	6-30-2018	\$ (114,446)	
Title I Grants to Local Educational Agencies (Title I, Part A)	84.010	S010A180030	NCLB086019	443,482	7-1-2018	6-30-2019		
Total Title I Grants to Local Educational Agencies							(114,446)	
Supporting Effective Instruction State Grant (Title II, Part A), Carryover	84.367	S367A170029	NCLB086018	55,691	7-1-2017	6-30-2018	(15,014)	
Supporting Effective Instruction State Grant (Title II, Part A)	84.367	S367A180029	NCLB086019	80,558	7-1-2018	6-30-2019		
Total Supporting Effective Instruction State Grant							(15,014)	
English Language Acquisition Grants (Title III), Carryover	84.365	S365A170030	NCLB086018	24,105	7-1-2017	6-30-2018	(929)	
English Language Acquisition Grants (Title III)	84.365	S365A180030	NCLB086019	16,897	7-1-2018	6-30-2019		
Total English Language Acquisition Grants							(929)	
<b>Special Education Cluster (IDEA):</b>								
Special Education - Grants to States (IDEA, Part B), Carryover	84.027	H027A170100	FT169018	389,322	7-1-2017	6-30-2018	(33,095)	
Special Education - Grants to States (IDEA, Part B)	84.027	H027A180100	FT169014	404,786	7-1-2018	6-30-2019		
Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391		PS169018	383,354	7-1-2009	8-31-2011	(1,801)	
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A180114	PS169019	18,233	7-1-2018	6-30-2019		
Total Special Education Cluster (IDEA)							(34,896)	
21st Century Community Learning Centers Program	84.287	N/A	NGO-15-EK32-H05	250,000	9-1-2015	8-31-2016		\$ 601
21st Century Community Learning Centers Program	84.287	N/A	NGO-15-EK32-H05	250,000	9-1-2016	8-31-2017	(17)	
21st Century Community Learning Centers Program	84.287	N/A	NGO-15-EK32-H05	250,000	9-1-2017	8-31-2018	(43,550)	
21st Century Community Learning Centers Program	84.287	N/A	NGO-15-EK32-H05	250,000	9-1-2018	8-31-2019		
Total 21st Century Community Learning Centers Program							(43,567)	601
Local Capacity Building Project	84.027	N/A	N/A	200,000	10-1-2002	9-30-2004	(14,320)	
ARRA - Race to the Top - Preschool Development Grants - Expansion	84.419	S419B170020	17000010	589,990	9-1-2017	8-31-2018	(152,876)	
ARRA - Race to the Top - Preschool Development Grants - Expansion	84.419	S419B180020	17000010	542,267	9-1-2018	8-31-2019		
Total Preschool Development Grant							(152,876)	
<b>Subtotal Special Revenue - U.S. Department of Education</b>								
							(376,048)	601
<b>Total Special Revenue Fund</b>								
							(376,048)	601
<b>Enterprise Fund:</b>								
U.S. Department of Agriculture								
Passed-through State Department of Education:								
Cash Assistance:								
Child Nutrition Cluster:								
National School Lunch Program	10.555	181NJ304N1099	N/A	282,627	7-1-2017	6-30-2018	(12,546)	
National School Lunch Program	10.555	191NJ304N1099	N/A	280,492	7-1-2018	6-30-2019		
Healthy Hunger Free Kids Act	10.555	181NJ304N1099	N/A	7,749	7-1-2017	6-30-2018	(339)	
Healthy Hunger Free Kids Act	10.555	191NJ304N1099	N/A	7,558	7-1-2018	6-30-2019		
After School Snack Program	10.555	181NJ304N1099	N/A	13,392	7-1-2017	6-30-2018	(361)	
After School Snack Program	10.555	191NJ304N1099	N/A	12,672	7-1-2018	6-30-2019		
School Breakfast Program	10.553	181NJ304N1099	N/A	122,662	7-1-2017	6-30-2018	(7,419)	
School Breakfast Program	10.553	191NJ304N1099	N/A	132,161	7-1-2018	6-30-2019		
National School Lunch Program - Commodities (Noncash)	10.555	181NJ304N1099	N/A	48,441	7-1-2017	6-30-2018		2,595
National School Lunch Program - Commodities (Noncash)	10.555	191NJ304N1099	N/A	47,279	7-1-2018	6-30-2019		
Total Child Nutrition Cluster							(20,665)	2,595
<b>Total Enterprise Fund</b>								
							(20,665)	2,595
<b>Total Federal Financial Assistance</b>								
							\$ (396,713)	\$ 3,196

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

Cash Received	Budgetary Expenditures			Passed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2019		
	Pass-through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 47,747	\$ 47,747		\$ 47,747						
47,747	47,747		47,747						
47,747	47,747		47,747						
114,446									
308,863	415,167		415,167				\$ (106,304)		
423,309	415,167		415,167				(106,304)		
15,014									
46,656	62,804		62,804				(16,148)		
61,670	62,804		62,804				(16,148)		
929									
12,412	16,897		16,897				(4,485)		
13,341	16,897		16,897				(4,485)		
33,095									
344,884	400,487		400,487				(55,603)		
18,233	18,233		18,233				(1,801)		
396,212	418,720		418,720				(57,404)		
									\$ 601
17									
43,550									
181,251	199,915		199,915				(18,664)		
224,818	199,915		199,915				(18,664)		601
152,876									
432,386	542,261		542,261				(109,875)		
585,262	542,261		542,261				(109,875)		
1,704,612	1,655,764		1,655,764				(327,200)		601
1,704,612	1,655,764		1,655,764				(327,200)		601
12,546									
266,032	280,492		280,492				(14,460)		
339									
7,175	7,558		7,558				(383)		
361									
12,262	12,672		12,672				(410)		
7,419									
123,672	132,161		132,161				(8,489)		
	2,595		2,595						
47,279	47,279		47,279						
477,085	482,757		482,757				(23,742)		
477,085	482,757		482,757				(23,742)		
\$ 2,229,444	\$ 2,186,268	\$ -	\$ 2,186,268	\$ -	\$ -	\$ -	\$ (350,942)	\$ -	\$ 601

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2019

State Grant or Program Title	Grant or State Project Number	Program or Award Amount	Required Match	Grant Period		Balance at June 30, 2018	
				From	To	Unearned Revenues / Accounts Receivable	Due to Grantor
<b>General Fund:</b>							
<b>New Jersey Department of Education:</b>							
<b>Current Expense:</b>							
<b>State Aid - Public Cluster:</b>							
Equalization Aid	495-034-5120-078	\$ 9,055,079		7-1-2017	6-30-2018	\$ (843,259)	
Equalization Aid	495-034-5120-078	9,055,079		7-1-2018	6-30-2019		
School Choice	495-034-5120-068	141,455		7-1-2017	6-30-2018	(14,145)	
School Choice	495-034-5120-068	126,465		7-1-2018	6-30-2019		
Security Aid	495-034-5120-084	180,975		7-1-2017	6-30-2018	(18,098)	
Security Aid	495-034-5120-084	269,252		7-1-2018	6-30-2019		
Special Education Aid	495-034-5120-089	742,641		7-1-2017	6-30-2018	(74,264)	
Special Education Aid	495-034-5120-089	1,061,043		7-1-2018	6-30-2019		
Under Adequacy Aid	495-034-5120-096	77,145		7-1-2017	6-30-2018	(7,714)	
PARCC Readiness Aid	495-034-5120-098	13,055		7-1-2017	6-30-2018	(1,306)	
Per Pupil Growth Aid	495-034-5120-097	13,055		7-1-2017	6-30-2018	(1,306)	
Professional Learning Community Aid	495-034-5120-101	13,740		7-1-2017	6-30-2018	(1,374)	
Host District Aid	495-034-5120-102	702		7-1-2017	6-30-2018	(70)	
<b>Total State Aid - Public Cluster:</b>						<b>(961,536)</b>	<b>-</b>
<b>State Aid - Transportation:</b>							
Transportation Aid	495-034-5120-014	70,560		7-1-2017	6-30-2018	(7,056)	
Transportation Aid	495-034-5120-014	289,926		7-1-2018	6-30-2019		
Nonpublic Transportation Aid	495-034-5120-014	14,790		7-1-2017	6-30-2018	(14,790)	
Nonpublic Transportation Aid	495-034-5120-014	10,730		7-1-2018	6-30-2019		
<b>Total State Aid - Transportation:</b>						<b>(21,846)</b>	<b>-</b>
Extraordinary Special Education Aid Costs	495-034-5120-044	113,801		7-1-2017	6-30-2018	(113,801)	
Extraordinary Special Education Aid Costs	495-034-5120-044	101,233		7-1-2018	6-30-2019		
<b>Total Extraordinary Aid</b>						<b>(113,801)</b>	<b>-</b>
Reimbursed T.P.A.F. Social Security	495-034-5095-002	679,715		7-1-2018	6-30-2019		
<b>Total Reimbursed T.P.A.F. Social Security</b>						<b>-</b>	<b>-</b>
<b>New Jersey Department of Education:</b>							
<b>On-Behalf T.P.A.F. Contributions (non-budgeted):</b>							
On-Behalf T.P.A.F. Pension - Post-Retirement Medical	495-034-5094-001	718,348.00		7-1-2018	6-30-2019		
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	1,551,196.00		7-1-2018	6-30-2019		
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	32,471.00		7-1-2018	6-30-2019		
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	1,849.00		7-1-2018	6-30-2019		
<b>Total On-Behalf TPAF Pension Contributions (non-budgeted)</b>						<b>-</b>	<b>-</b>
<b>Total General Fund</b>						<b>(1,097,183)</b>	<b>-</b>
<b>Special Revenue Fund:</b>							
<b>New Jersey Department of Education</b>							
<b>Nonpublic Aid:</b>							
Nursing Services	100-034-5120-373	20,467		7-1-2018	6-30-2019		
Textbook Aid (Ch. 194)	100-034-5120-064	11,723		7-1-2017	6-30-2018		\$ 48
Textbook Aid (Ch. 194)	100-034-5120-064	11,267		7-1-2018	6-30-2019		
Technology Initiative Aid	400-034-5120-373	7,596		7-1-2018	6-30-2019		
Auxiliary Services (Ch. 192)							
Compensatory Education	100-034-5120-067	78,132		7-1-2017	6-30-2018		2,396
Transportation	100-034-5120-067	10,297		7-1-2017	6-30-2018		1,381
Auxiliary Services (Ch. 192)							
Compensatory Education	100-034-5120-067	65,990		7-1-2018	6-30-2019		
English as a Second Language	100-034-5120-067	4,141		7-1-2018	6-30-2019		
Transportation	100-034-5120-067	8,893		7-1-2018	6-30-2019		
Handicapped Services (Ch. 193)							
Supplemental Instruction	100-034-5120-068	19,824		7-1-2017	6-30-2018		6,186
Corrective Speech	100-034-5120-068	36,805		7-1-2017	6-30-2018		15,535
Examination and Classification	100-034-5120-068	22,759		7-1-2017	6-30-2018		3,283
Handicapped Services (Ch. 193)							
Supplemental Instruction	100-034-5120-068	18,238		7-1-2018	6-30-2019		
Corrective Speech	100-034-5120-068	31,248		7-1-2018	6-30-2019		
Examination and Classification	100-034-5120-068	28,939		7-1-2018	6-30-2019		
Security Aid	100-034-5120-509	31,650		7-1-2018	6-30-2019		
Home Instruction	N/A	4,175		7-1-2017	6-30-2018	(743)	
<b>Total Nonpublic Aid:</b>						<b>(743)</b>	<b>28,829</b>
Preschool Education Aid	495-034-5120-086	322,140	\$ 85,440	7-1-2017	6-30-2018	(32,214)	
Preschool Education Aid	495-034-5120-086	322,140	53,085	7-1-2018	6-30-2019		
<b>Total Preschool Education Aid</b>						<b>(32,214)</b>	<b>-</b>
<b>Subtotal Special Revenue Fund - State Department of Education</b>						<b>(32,957)</b>	<b>28,829</b>
<b>State Department of Human Services</b>							
School Based Youth Service Program	17CTHP	228,704		7-1-2016	6-30-2017		383
School Based Youth Service Program	18CTHP	228,704		7-1-2017	6-30-2018		55
School Based Youth Service Program	19CTHP	230,567		7-1-2018	6-30-2019		
Family Friendly	17CTHP	45,463		7-1-2016	6-30-2017		3,193
Family Friendly	18CTHP	45,463		7-1-2017	6-30-2018		1
Family Friendly	19CTHP	45,963		7-1-2018	6-30-2019		
<b>Subtotal Special Revenue Fund - State Department of Human Services</b>						<b>-</b>	<b>3,632</b>
<b>Total Special Revenue Fund</b>						<b>(32,957)</b>	<b>32,461</b>
<b>Debt Service Fund</b>							
<b>New Jersey Department of Education</b>							
Debt Service Aid Type II	495-034-5120-125	110,270		7-1-2018	6-30-2019		
<b>Total Debt Service Fund</b>						<b>-</b>	<b>-</b>
<b>Enterprise Fund:</b>							
<b>New Jersey Department of Agriculture</b>							
<b>Child Nutrition Cluster:</b>							
National School Lunch Program (State Share)	100-010-3360-067	6,877		7-1-2017	6-30-2018	(301)	
National School Lunch Program (State Share)	100-010-3360-067	6,706		7-1-2018	6-30-2019		
<b>Total Enterprise Fund</b>						<b>(301)</b>	<b>-</b>
<b>Total State Financial Assistance</b>						<b>\$ (1,130,441)</b>	<b>\$ 32,461</b>
<b>Less State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:</b>							
<b>General Fund (Non-Cash Assistance):</b>							
<b>New Jersey Department of the Treasury:</b>							
<b>On-Behalf T.P.A.F. Contributions (non-budgeted):</b>							
On-Behalf T.P.A.F. Pension - Post-Retirement Medical	495-034-5094-001	718,348		7-1-2018	6-30-2019		
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	1,551,196		7-1-2018	6-30-2019		
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	32,471		7-1-2018	6-30-2019		
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	1,849		7-1-2018	6-30-2019		
<b>Total General Fund (Non-Cash Assistance)</b>						<b>-</b>	<b>-</b>
<b>Total State Financial Assistance subject to Major Program Determination for State Single Audit</b>						<b>\$ (1,130,441)</b>	<b>\$ 32,461</b>

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



Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Placed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2019			Memo		
						Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable 6/30/2019	Cumulative Total Expenditures	
	\$ 843,259										
	8,223,025	\$ 9,055,079				\$ (832,054)			\$ (832,054)	\$ 9,055,079	
	14,145										
	115,818	128,465				(12,847)			(12,847)	128,465	
	18,098										
	242,327	269,252				(26,925)			(26,925)	269,252	
	74,264										
	954,938	1,061,043				(106,105)			(106,105)	1,061,043	
	7,714										
	1,306										
	1,306										
	1,374										
	70										
	-	10,497,444	10,513,839	-	-	(977,931)	-	-	(977,931)	10,513,839	
	7,056										
	260,933	289,926				(28,993)			(28,993)	289,926	
	14,790										
	-	10,730				(10,730)				10,730	
	-	282,779	300,656	-	-	(39,723)	-	-	(28,993)	300,656	
	113,801										
	-	101,233				(101,233)				101,233	
	-	113,801	101,233	-	-	(101,233)	-	-		101,233	
	646,182	679,715				(33,533)				679,715	
	-	646,182	679,715	-	-	(33,533)	-	-		679,715	
	718,348	718,348									
	1,551,196	1,551,196									
	32,471	32,471									
	1,849	1,849									
	-	2,303,864									
	-	13,844,070	13,899,307	-	-	(1,152,420)	-	-	(1,006,924)	11,595,443	
	20,467	20,467			\$ (48)			\$ 15			
	11,267	11,252						29			
	7,596	7,567									
	66,421	51,183			(2,396)			15,238			
	3,710	3,710			(1,381)						
	8,893	3,397						5,496			
	18,238	12,212			(6,186)						
	31,248	21,516			(15,535)			6,026			
	28,939	18,746			(3,283)			9,732			
	31,650	31,650						10,193			
	743										
	-	229,172	181,700	-	-	(28,829)	-	-	46,729		
\$ 167,272	32,214	167,272								167,272	
	384,843	238,678				(32,214)	\$ 113,951		(32,214)	238,678	
167,272	417,057	405,950	-	-	-	(32,214)	113,951	-	(32,214)	405,950	
167,272	646,229	587,650	-	-	(28,829)	(32,214)	113,951	46,729	(32,214)	405,950	
	228,704	228,679			(383)			55			
	45,463	45,409			(3,193)			25			
	-	274,167	274,088	-	-	(3,576)	-	-	1		
167,272	920,396	861,738	-	-	(32,405)	(32,214)	113,951	46,864	(32,214)	405,950	
	110,270	110,270								110,270	
	110,270	110,270	-	-	-	-	-	-		110,270	
	301	6,706				(340)				6,706	
	6,366	6,706									
	-	6,667	6,706	-	-	(340)	-	-		6,706	
\$ 167,272	\$ 14,881,403	\$ 14,878,021	\$ -	\$ -	\$ (32,405)	\$ (1,184,974)	\$ 113,951	\$ 46,864	\$ (1,039,138)	\$ 12,118,369	

718,348  
1,551,196  
32,471  
1,849  
2,303,864  
\$ 12,574,157

**BOROUGH OF CLAYTON SCHOOL DISTRICT**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2019

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**Note 1: BASIS OF PRESENTATION**

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

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

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

**Note 3: INDIRECT COST RATE**

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

The proprietary fund (enterprise fund - food service) is presented in the accompanying schedules on the GAAP basis and expenditures are adjusted for the value of the national school lunch program commodities inventory on hand at the end of the fiscal year end.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$(38,331) for the general fund and \$176,071 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis with a reconciliation to the budgetary basis reported on the schedule of expenditures of federal awards and state financial assistance are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 47,747	13,860,976	13,908,723
Special Revenue	1,825,017	781,413	2,606,430
Debt Service		110,270	110,270
Food Service	480,162	6,706	486,868
GAAP Basis Revenues	<u>2,352,926</u>	<u>14,759,365</u>	<u>17,112,291</u>
GAAP Adjustments			
State Aid Payments		38,331	38,331
Commodities	2,595		2,595
Encumbrances	(169,253)	(3,485)	(172,738)
Preschool Education Aid - Transfer		83,810	83,810
	<u>(166,658)</u>	<u>118,656</u>	<u>(48,002)</u>
Total Awards and Financial Assistance Expended	<u>\$ 2,186,268</u>	<u>\$ 14,878,021</u>	<u>\$ 17,064,289</u>

**Note 5: 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 6: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2019, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

**Note 7: MAJOR PROGRAMS**

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2019

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

    Material weakness(es) identified? \_\_\_ yes x no

    Significant deficiency(ies) identified? \_\_\_ yes x none reported

Noncompliance material to financial statements noted? \_\_\_ yes x no

**Federal Awards**

Internal control over major programs:

    Material weakness(es) identified? \_\_\_ yes x no

    Significant deficiency(ies) identified? \_\_\_ yes x none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? \_\_\_ yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		<b>Child Nutrition Cluster:</b>
<u>10.553</u>	<u>NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>NJ304N1099</u>	<u>National School Lunch Program - HHFKA</u>
<u>10.555</u>	<u>NJ304N1099</u>	<u>After School Snack</u>
<u>10.555</u>	<u>NJ304N1099</u>	<u>National School Lunch Program - Commodities</u>

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

Auditee qualified as low-risk auditee? x yes \_\_\_ no



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2019

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

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

No current year findings.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2019

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

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

No current year findings.



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2019

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

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

No current year findings.

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

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

**FINANCIAL STATEMENT FINDINGS**

No prior year findings.

**FEDERAL AWARDS**

No prior year findings.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

No prior year findings.