

CLEMENTON SCHOOL DISTRICT



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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INTRODUCTORY SECTION

Clementon School District

CLEMENTON BOARD OF EDUCATION
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Fax: (856) 783-8929

CLEMENTON ELEMENTARY SCHOOL
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December 20, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Clementon School District ("District") for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo a Single Audit in conformity with the provisions of the State of New Jersey Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this Single Audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

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

The District provided educational services for grades Pre-Kindergarten through grade 8 in our building. Through a send/receive relationship with the Pine Hill School District, we provide programs for our students in grades 9-12, including Special Education. The District completed the 2018-2019 fiscal year with an average enrollment of 485 students. The following details the changes in the student enrollment of the District over the last twelve (12) years.

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AVERAGE DISTRICT ENROLLMENT

| <u>FISCAL YEAR</u> | <u>STUDENT ENROLLMENT</u> | <u>INCREASE/ DECREASE</u> | <u>PERCENT CHANGE</u> |
|--------------------|-------------------------------|-------------------------------|---------------------------|
| 2018-2019 | 485 | 39 | 8.7 |
| 2017-2018 | 446 | 0 | 0 |
| 2016-2017 | 446 | -18 | 4.2 |
| 2015-2016 | 465 | 36 | 8.6 |
| 2014-2015 | 428 | -26 | 5.0 |
| 2013-2014 | 454 | 2 | .01 |
| 2012-2013 | 452 | -4 | .01 |
| 2011-2012 | 456 | -22 | .05 |
| 2010-2011 | 478 | -18 | .04 |
| 2009-2010 | 496 | -23 | .05 |
| 2008-2009 | 519 | 6 | 0.1 |
| 2007-2008 | 513 | -20 | 2.2 |
| 2006-2007 | 533 | -45 | 1.1 |

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

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

2. **ECONOMIC CONDITION AND OUTLOOK (CONT'D):** Clementon educates students in preschool through high school, entering into a send/receive relationship with the Pine Hill School District for the programs for 9th through 12th graders. Our enrollment of Pre-K - 8th grade students has increased for the 2018-19 school year. Clementon students enrolled at Overbrook High School in Pine Hill number 128. Clementon students enrolled at Camden County Vocational School number 54.

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

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Objectives (SGOs) that get linked the to the teacher's overall summative evaluation. Some of the programs we use for assessing students include IRLA, Benchmarks assessments, Edmentum Exact Path, STAR, and Study Island. These programs allow teachers to identify students that need remediation with academic skills. All of these personalized learning programs are aligned with the NJ state standards. We added a visionary science lab for middle school students and science lab furniture for 4th and 5th grade science classes. We ordered science materials to support the NJ Science Standards.

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

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

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

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

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

7. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental units from a loss of funds on deposit with a failed banking

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institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

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

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

Respectfully submitted,

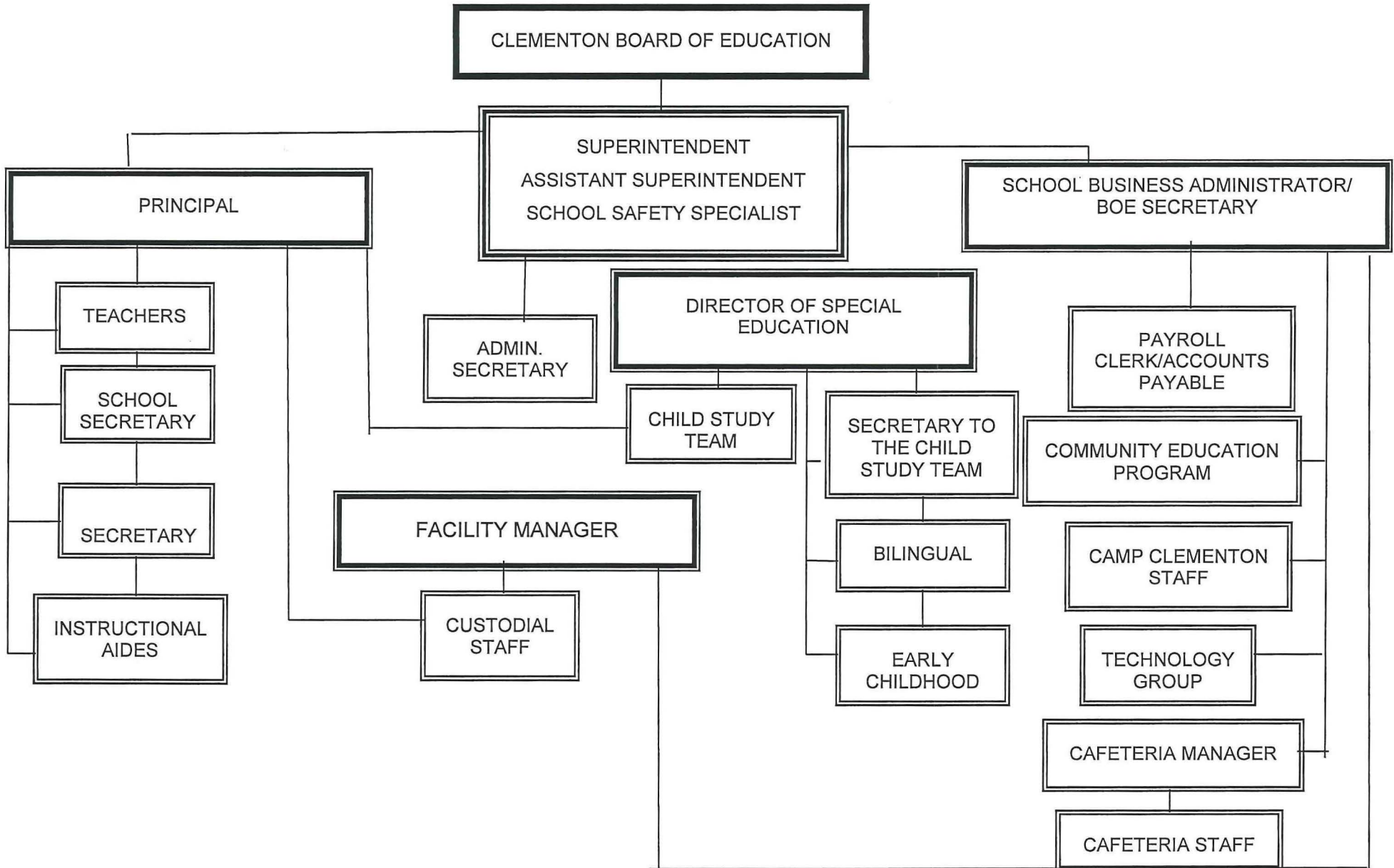


Kathleen Haines
Superintendent



Valerie J. Carmody
Interim School Business Administrator/
Board Secretary

CLEMENTON BOARD OF EDUCATION
ORGANIZATIONAL CHART



**CLEMENTON SCHOOL DISTRICT
CLEMENTON, NJ**

Roster of Officials

June 30, 2019

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Christopher McKelvey, President | 2021 |
| Katherine Anderson, Vice President | 2020 |
| Danielle Aubry | 2019 |
| Lisa Moore | 2020 |
| Randall Freiling | 2020 |
| Emily Nichols | 2019 |
| Christy Weaver | 2021 |
| Gilbert Geary | 2021 |
| Amanda McCourt | 2019 |

Other Officials

Kathleen Haines, Superintendent of Schools

Mary Bakey, Treasurer of School Moneys

Joanne Clement, School Business Administrator / Board Secretary, 7/1/2018 - 12/31/2018

Deborah Piccirillo, Interim School Business Administrator / Board Secretary, 11/26/2018 - 6/30/2019

Valerie Carmody, Interim School Business Administrator / Board Secretary, commencing 7/1/2019

Frank Cavallo, Jr., Esq., Attorney

**CLEMENTON SCHOOL DISTRICT
CLEMENTON, NJ**

Consultants and Advisors

June 30, 2019

Auditor

Carol A McAllister, CPA, RMA, PSA
Bowman & Company LLP
601 White Horse Road
Voorhees, New Jersey 08043

Attorney

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

Official Depository

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

Medical

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

Insurance Broker

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

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Clementon School District, in the County of Camden, 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, each major fund, and the aggregate remaining fund information of the Borough of Clementon School District, in the County of Camden, 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 Clementon School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

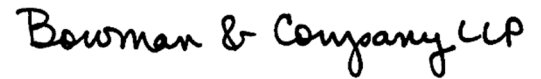
The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019 on our consideration of the Borough of Clementon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Clementon School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Clementon School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Public School Accountant No. CS 238400

Voorhees, New Jersey
December 20, 2019

Exhibit K-1

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the 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 Clementon School District, in the County of Camden, 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 20, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matter that is 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, and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as item Finding No. 2019-001.

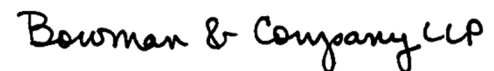
The Borough of Clementon School District's Response to Findings

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

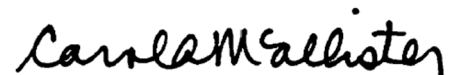
Purpose of this Report

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



Carol A. McAllister
 Certified Public Accountant
 Public School Accountant No. CS 238400

Voorhees, New Jersey
 December 20, 2019

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the Clementon School District (hereafter referred to as the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the School District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$6,533,420.63 at the close of the current fiscal year. Of this amount, \$6,194,333.23 represents net position of governmental activities and \$339,087.40 for business-type activities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$2,124,354.11, a decrease of \$1,022,634.95, or thirty-two percent (32%), in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was a deficit of \$373,921.50, which represents an eighteen percent (18%) decrease from that of the prior fiscal year. Maintaining fund balance is vital for the School District's cash flow. Additional information as to the cause of this unassigned deficit fund balance can be found in note 16 to the financial statements.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Reporting the School District as a Whole

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

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

USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

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

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

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

Reporting the School District's Most Significant Funds

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

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

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

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

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

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

USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

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

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

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

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

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

THE SCHOOL DISTRICT AS A WHOLE

During fiscal year 2019, the School District's net position decreased by \$799,995.82, decreasing from \$7,333,416.45 in fiscal year 2018 to \$6,533,420.63 in fiscal year 2019. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental-type activities and business-type activities.

In total, assets decreased by \$809,722.46, deferred outflows of resources decreased by \$113,363.00, liabilities decreased by \$173,120.64, and deferred inflows of resources increased by \$50,031.00. The decrease in assets was attributable to the decrease in restricted cash and cash equivalents. The decrease in deferred outflows of resources and the net decrease in liabilities were primarily attributable to the changes in the School District's pension liabilities (pensions - see note 7).

| | Governmental Activities | | Business-Type Activities | | Government-wide Totals | | Government-wide | |
|-----------------------------------|----------------------------|------------------------|-----------------------------|----------------------|---------------------------|------------------------|------------------------|----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | Change | % Change |
| Current and Other Assets | \$ 2,335,523.26 | \$ 3,256,458.39 | \$ 303,824.43 | \$ 291,342.37 | \$ 2,639,347.69 | \$ 3,547,800.76 | \$ (908,453.07) | -25.6% |
| Capital Assets | 5,729,908.86 | 5,637,348.25 | 40,275.00 | 34,105.00 | 5,770,183.86 | 5,671,453.25 | 98,730.61 | 1.7% |
| Total Assets | <u>8,065,432.12</u> | <u>8,893,806.64</u> | <u>344,099.43</u> | <u>325,447.37</u> | <u>8,409,531.55</u> | <u>9,219,254.01</u> | <u>(809,722.46)</u> | -8.8% |
| Deferred Outflows of Resources | 264,610.00 | 377,973.00 | - | - | 264,610.00 | 377,973.00 | (113,363.00) | -30.0% |
| Other Liabilities | 296,712.56 | 212,724.87 | 5,012.03 | 5,426.59 | 301,724.59 | 218,151.46 | 83,573.13 | 38.3% |
| Long-Term Liabilities Outstanding | 1,239,675.33 | 1,496,369.10 | - | - | 1,239,675.33 | 1,496,369.10 | (256,693.77) | -17.2% |
| Total Liabilities | <u>1,536,387.89</u> | <u>1,709,093.97</u> | <u>5,012.03</u> | <u>5,426.59</u> | <u>1,541,399.92</u> | <u>1,714,520.56</u> | <u>(173,120.64)</u> | -10.1% |
| Deferred Inflows of Resources | 599,321.00 | 549,290.00 | - | - | 599,321.00 | 549,290.00 | 50,031.00 | 9.1% |
| Net Investment in Capital Assets | 5,729,908.86 | 5,637,348.25 | 40,275.00 | 34,105.00 | 5,770,183.86 | 5,671,453.25 | 98,730.61 | 1.7% |
| Restricted | 2,305,364.66 | 2,709,827.49 | - | - | 2,305,364.66 | 2,709,827.49 | (404,462.83) | -14.9% |
| Unrestricted (Deficit) | <u>(1,840,940.29)</u> | <u>(1,333,780.07)</u> | <u>298,812.40</u> | <u>285,915.78</u> | <u>(1,542,127.89)</u> | <u>(1,047,884.29)</u> | <u>(494,263.60)</u> | -47.2% |
| Net Position | <u>\$ 6,194,333.23</u> | <u>\$ 7,013,395.67</u> | <u>\$ 339,087.40</u> | <u>\$ 320,020.78</u> | <u>\$ 6,533,420.63</u> | <u>\$ 7,333,416.45</u> | <u>\$ (799,995.82)</u> | -10.9% |

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

THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

\$5,770,183.86 of the School District's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., land, buildings, equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvements of those assets. The School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the School District's net position in the amount of \$2,305,364.66 represents resources that are restricted. These amounts consist of amounts restricted for emergencies, maintenance, excess surplus, legal reserves, and capital projects. Additional information on the School District's restricted net position can be found in note 17 in the notes to the financial statements.

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the School District's unrestricted net position was in a deficit in the amount of \$1,542,127.89. The deficit is primarily due to the delay of the June state aid payments and the recording of long-term liabilities for early retirement incentive, compensated absences, and net pension liability.

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

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

During fiscal year 2019, the School District's total revenues increased by \$28,546.18, increasing from \$15,382,037.55 in fiscal year 2018 to \$15,410,583.73 in fiscal year 2019. The net change in total revenues is largely attributable to the following:

- operating grants and contributions increased from fiscal year 2018 by \$405,355.52, or 11.0%
- federal and state aid – unrestricted increased from fiscal year 2018 by \$135,598.83, or 2.1%
- property taxes for debt service decreased by \$456,409.00, or 100.0% since the debt service was fully paid off during fiscal year 2018.
- miscellaneous revenue decreased from fiscal year 2018 by \$157,590.79, or 60.40%, due to the school district receiving a large distribution from an estate in fiscal year 2018

Property taxes constituted approximately thirty percent (28%) of total revenues for the School District for the fiscal year 2019. In addition, unrestricted federal and state aid constituted approximately forty-two percent (43%) of total revenues for the School District.

Lastly, charges for services, operating grants and contributions interest and investment earnings, and miscellaneous income constituted approximately twenty-eight percent (29%) of total revenues for the School District.

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

THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

| TABLE 2 CHANGES IN NET POSITION | | | | | | | | |
|---|----------------------------|------------------------|-----------------------------|----------------------|---------------------------|------------------------|--------------------------|----------------|
| | Governmental Activities | | Business-Type Activities | | Government-wide Totals | | Government-wide | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | Change | % Change |
| REVENUES: | | | | | | | | |
| Program Revenues: | | | | | | | | |
| Charges for Services | \$ 91,532.84 | \$ 75,125.00 | \$ 197,339.33 | \$ 192,843.08 | \$ 288,872.17 | \$ 267,968.08 | \$ 20,904.09 | 7.8% |
| Operating Grants and Contributions | 3,899,213.46 | 3,511,420.72 | 195,842.65 | 178,279.87 | 4,095,056.11 | 3,689,700.59 | 405,355.52 | 11.0% |
| General Revenues: | | | | | | | | |
| Property Taxes: | | | | | | | | |
| Levied for General Purposes | 4,284,805.00 | 4,200,789.00 | | | 4,284,805.00 | 4,200,789.00 | 84,016.00 | 2.0% |
| Levied for Debt Service | | 456,409.00 | | | | 456,409.00 | (456,409.00) | -100.0% |
| Federal and State Aid - Unrestricted | 6,597,777.53 | 6,462,178.70 | | | 6,597,777.53 | 6,462,178.70 | 135,598.83 | 2.1% |
| Interest and Investment Earnings - Unrestricted | 28,076.68 | 12,283.79 | 2,917.54 | 228.72 | 30,994.22 | 12,512.51 | 18,481.71 | 147.7% |
| Interest and Investment Earnings - Restricted | 9,557.96 | 1,368.14 | | | 9,557.96 | 1,368.14 | 8,189.82 | 100.0% |
| Transfers | | 30,000.00 | | | | 30,000.00 | (30,000.00) | 100.0% |
| Miscellaneous | 103,520.74 | 261,111.53 | | | 103,520.74 | 261,111.53 | (157,590.79) | -60.4% |
| Total Revenues | 15,014,484.21 | 15,010,685.88 | 396,099.52 | 371,351.67 | 15,410,583.73 | 15,382,037.55 | 28,546.18 | 0.2% |
| EXPENSES: | | | | | | | | |
| Instruction | 3,871,905.96 | 3,721,466.58 | | | 3,871,905.96 | 3,721,466.58 | 150,439.38 | 4.0% |
| Support Services | 11,694,499.52 | 10,173,141.59 | | | 11,694,499.52 | 10,173,141.59 | 1,521,357.93 | 15.0% |
| Transfer of Funds to Charter School | 229,180.53 | 150,249.00 | | | 229,180.53 | 150,249.00 | 78,931.53 | 52.5% |
| Interest on Long-Term Debt | | 15,982.71 | | | | 15,982.71 | (15,982.71) | -100.0% |
| Unallocated Depreciation | 37,960.64 | 34,022.02 | | | 37,960.64 | 34,022.02 | 3,938.62 | 11.6% |
| Food Service | | | 258,773.53 | 236,351.53 | 258,773.53 | 236,351.53 | 22,422.00 | 9.5% |
| Camp Clementon Community Education | | | 118,259.37 | 62,726.50 | 118,259.37 | 62,726.50 | 55,532.87 | 88.5% |
| Total Expenses | 15,833,546.65 | 14,094,861.90 | 377,032.90 | 299,078.03 | 16,210,579.55 | 14,393,939.93 | 1,816,639.62 | 12.6% |
| Change in Net Position | (819,062.44) | 915,823.98 | 19,066.62 | 72,273.64 | (799,995.82) | 988,097.62 | \$ (1,788,093.44) | -181.0% |
| Net Position, July 1 | 7,013,395.67 | 6,097,571.69 | 320,020.78 | 247,747.14 | 7,333,416.45 | 6,345,318.83 | | |
| Net Position, June 30 | \$ 6,194,333.23 | \$ 7,013,395.67 | \$ 339,087.40 | \$ 320,020.78 | \$ 6,533,420.63 | \$ 7,333,416.45 | | |

During fiscal year 2019, the School District's total expenses increased by \$1,816,639.62, increasing from \$14,393,939.93 in fiscal year 2018 to \$16,210,579.55 in fiscal year 2019. The net increase is largely attributable to the following:

- an increase of costs for support services in the amount of \$1,521,357.93, or 15.0%, attributable to tuition payments, pension and other post employment benefit costs

THE SCHOOL DISTRICT'S FUNDS

Governmental Funds

As the School District completed the fiscal year, its governmental funds reported a combined fund balance of \$2,124,354.11, which is a decrease over last fiscal year's total of \$3,146,989.06. Of the combined ending fund balances of \$2,124,354.11, the deficit unassigned fund balance was \$373,921.50 (see note 17 for cause of deficit). The remainder of fund balance is restricted / assigned to indicate that it is not available for new spending because it has already been assigned as follows: (1) restricted for capital reserve (\$327,717.77), (2) restricted for legal reserves (\$567,885.58), (3) restricted for emergency reserve (\$65,887.41), (4) restricted for maintenance reserve (\$127,208.40), (5) restricted for excess surplus (\$1,216,665.50), and (6) assigned to liquidate contracts and purchase orders of the prior period (\$199,133.45).

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

THE SCHOOL DISTRICT'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

General fund - The general fund is the general operating fund of the School District and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, unassigned fund balance of the general fund was in a deficit in the amount of \$373,921.50. As previously stated, the deficit is primarily due to the delay of the June state aid payments (see note 16 to the financial statements).

During the current fiscal year, the fund balance of the School District's general fund decreased by \$1,026,903.54, or thirty-three percent (33%). The primary factor affecting the fund balance of the general fund is as follows:

- the fiscal year 2019 tuition expense amount was \$3,674,111.41 in comparison to fiscal year 2018 of \$3,177,266.96; which is due to an increase in tuition billings for students in grades nine through twelve, including special education students
- the fiscal year 2019 personal services-employee benefits expense amount was \$2,840,783.89 in comparison to fiscal year 2018 of \$2,469,206.41; an increase of \$371,577.48

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Total expenditures, resulting from these programs totaled \$584,055.54, which was comparable to the expenditures of the previous fiscal year, which totaled \$600,750.16.

Proprietary Funds (Enterprise Funds)

Food service fund - as the School District completed the fiscal year, the School District's total net position of the food service fund was \$101,620.71, which was comprised of \$40,275.00 of net investment in capital assets and \$61,345.71 of unrestricted net position.

During the current fiscal year, the net position of the School District's food service fund increased by \$1,867.80, or two percent (2.0%). The increase in net position primarily resulted from the increase in charges for services of revenues by \$20,979.04.

Camp Clementon Community Education Fund - as the School District completed the fiscal year, the School District's total net position of the Camp Clementon Community Education Fund was unrestricted in the amount of \$237,466.69.

During the current fiscal year, the net position of the School District's Camp Clementon Community Education Fund increased by \$17,198.82. The factors contributing to the increase in net position of the Camp Clementon Community Education Fund is the result of tuition revenue for the fiscal year 2019 remaining relatively comparable to the prior fiscal year and expense increasing by \$55,532.87.

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

THE SCHOOL DISTRICT'S FUNDS (CONT'D)

General Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$11,024,717.00, which was an increase from the original budgeted estimate of \$10,867,283.00 as a result of approval to realize an additional \$157,434.00 as budgeted revenue. Total budgeted revenues realized equaled \$12,359,222.67, which was \$1,334,505.67 in excess of the budget estimate. This excess was directly attributable to the School District's on-behalf T.P.A.F. pension contributions (normal cost, post-retirement medical, and long-term disability) and reimbursed T.P.A.F. social security contributions, which totaled \$986,106.00 and \$251,321.32 respectively. In addition, the School District realized \$46,597.42 in excess of budgeted revenues for unrestricted miscellaneous revenue.

The final budgetary basis expenditure appropriation estimate was \$12,394,00.22, which increased from the original budgeted estimate of \$12,200,786.91. The increase of \$193,313.31 was for a budget amendment to spend emergency funds. Actual expenditures incurred of \$13,365,707.62 were over the final budget estimate by \$943,817.40. This unfavorable variance resulted from the corresponding non-budget expenditures associated with the aforementioned on-behalf T.P.A.F. pension contributions and reimbursed T.P.A.F. social security contributions.

Special Revenue Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$594,696.22, which remained relatively unchanged from the original budgeted estimate. Likewise, this was the same for the final budgetary basis appropriation estimate.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School District's net investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to a historical cost of \$12,780,945.86, or \$5,770,183.86 net of accumulated depreciation (see Table 3). This net investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, and machinery and equipment. Net capital assets increased by \$98,730.61 in fiscal year 2019 from fiscal year 2018. The primary factors affecting the net change in net capital assets are as follows:

- increases in construction in progress, buildings and building improvements, and machinery and equipment resulting from upgrades to HVAC controls and other projects that are anticipated to be completed during the next fiscal year
- current year depreciation expense was \$388,067.691

| TABLE 3 | | | | | | |
|--|------------------------------------|------------------------|-------------------------------------|---------------------|-----------------------------------|------------------------|
| CAPITAL ASSETS AT FISCAL YEAR END | | | | | | |
| (NET OF ACCUMULATED DEPRECIATION) | | | | | | |
| | Governmental Activities | | Business-Type Activities | | Government-wide Totals | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 178,131.00 | \$ 178,131.00 | | | \$ 178,131.00 | \$ 178,131.00 |
| Construction in Progress | 300,155.90 | 5,400.00 | | | 300,155.90 | 5,400.00 |
| Land Improvements | 71,569.56 | 78,650.30 | | | 71,569.56 | 78,650.30 |
| Buildings and Building Improvements | 4,860,595.65 | 5,081,179.77 | | | 4,860,595.65 | 5,081,179.77 |
| Machinery and Equipment | 319,456.75 | 293,987.18 | \$ 40,275.00 | \$ 34,105.00 | 359,731.75 | 328,092.18 |
| Total | \$ 5,729,908.86 | \$ 5,637,348.25 | \$ 40,275.00 | \$ 34,105.00 | \$ 5,770,183.86 | \$ 5,671,453.25 |

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Debt

General Serial Bonds. At the end of the current fiscal year, the School District had no total bonded debt outstanding. All of the District's outstanding general serial bonds were paid off during fiscal year ended June 30, 2018.

Early Retirement Incentive. At the end of the current fiscal year, the liability for the early retirement incentive was \$91,073.00. This amount represents the School District's accrued liability for its proportionate share of the "Regional High School Early Retirement Incentive Program". Additional information on the School District's liability can be found in note 6 to the financial statements.

Net Pension Liability. At the end of the current fiscal year, the liability for pension was \$1,100,872.00. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid on an annual basis. For additional details on the net pension liability, see note 7 to the financial statements.

Compensated Absences. At the end of the current fiscal year, the liability for compensated absences was \$78,545.74. Compensated absences are those absences for which employees will be paid, such as sick leave. Additional information on compensated absences can be found in note 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year 2019, the School District was able to sustain its budget through property taxes, federal and state sources, and other various revenue sources. Approximately thirty-five percent (28%) of total revenue is from property taxes, while sixty-five percent (72%) of the School District's revenue is from federal, state, and local sources.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CLEMENTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|------------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,477,924.23 | \$ 273,019.05 | \$ 1,750,943.28 |
| Internal Balances | 6,140.25 | (6,140.25) | |
| Accounts Receivable, net | 486,192.76 | 31,410.55 | 517,603.31 |
| Inventory | | 5,535.08 | 5,535.08 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 365,266.02 | | 365,266.02 |
| Capital Assets, net | <u>5,729,908.86</u> | <u>40,275.00</u> | <u>5,770,183.86</u> |
| Total Assets | <u>8,065,432.12</u> | <u>344,099.43</u> | <u>8,409,531.55</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Related to Pensions | <u>264,610.00</u> | <u>-</u> | <u>264,610.00</u> |
| LIABILITIES: | | | |
| Accounts Payable: | | | |
| Other | 200,518.64 | 746.99 | 201,265.63 |
| Pensions | 54,738.00 | | 54,738.00 |
| Unearned Revenue | 10,640.51 | 4,265.04 | 14,905.55 |
| Noncurrent Liabilities: | | | |
| Due within One Year | 30,815.41 | | 30,815.41 |
| Due beyond One Year | <u>1,239,675.33</u> | | <u>1,239,675.33</u> |
| Total Liabilities | <u>1,536,387.89</u> | <u>5,012.03</u> | <u>1,541,399.92</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Related to Pensions | <u>599,321.00</u> | <u>-</u> | <u>599,321.00</u> |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 5,729,908.86 | 40,275.00 | 5,770,183.86 |
| Restricted for: | | | |
| Emergency | 65,887.41 | | 65,887.41 |
| Maintenance | 127,208.40 | | 127,208.40 |
| Excess Surplus | 1,216,665.50 | | 1,216,665.50 |
| Capital Projects | 327,717.77 | | 327,717.77 |
| Legal Reserve | 567,885.58 | | 567,885.58 |
| Unrestricted (Deficit) | <u>(1,840,940.29)</u> | <u>298,812.40</u> | <u>(1,542,127.89)</u> |
| Total Net Position | <u>\$ 6,194,333.23</u> | <u>\$ 339,087.40</u> | <u>\$ 6,533,420.63</u> |

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

CLEMENTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

| Functions / Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|-------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 3,039,360.91 | | \$ 479,242.29 | | \$ (2,560,118.62) | | \$ (2,560,118.62) |
| Special Education | 730,938.95 | \$ 91,532.84 | | | (639,406.11) | | (639,406.11) |
| Other Special Instruction | 56,520.76 | | | | (56,520.76) | | (56,520.76) |
| Other Instruction | 45,085.34 | | | | (45,085.34) | | (45,085.34) |
| Support Services: | | | | | | | |
| Tuition | 3,674,111.41 | | | | (3,674,111.41) | | (3,674,111.41) |
| Student and Instruction Related Services | 1,046,658.31 | | 109,092.35 | | (937,565.96) | | (937,565.96) |
| Other Administrative Services | 371,901.08 | | | | (371,901.08) | | (371,901.08) |
| School Administrative Services | 321,564.65 | | | | (321,564.65) | | (321,564.65) |
| Plant Operations and Maintenance | 434,502.73 | | | | (434,502.73) | | (434,502.73) |
| Pupil Transportation | 1,003,319.45 | | | | (1,003,319.45) | | (1,003,319.45) |
| Personal Services - Employee Benefits | 4,842,441.89 | | 3,310,878.82 | | (1,531,563.07) | | (1,531,563.07) |
| Transfer of Funds to Charter School | 229,180.53 | | | | (229,180.53) | | (229,180.53) |
| Unallocated Depreciation | 37,960.64 | | | | (37,960.64) | | (37,960.64) |
| Total Governmental Activities | 15,833,546.65 | 91,532.84 | 3,899,213.46 | \$ - | (11,842,800.35) | - | (11,842,800.35) |
| Business-Type Activities: | | | | | | | |
| Food Service | 258,773.53 | 64,798.68 | 195,842.65 | | | \$ 1,867.80 | 1,867.80 |
| Camp Clementon Community Education | 118,259.37 | 132,540.65 | | | | 14,281.28 | 14,281.28 |
| Total Business-Type Activities | 377,032.90 | 197,339.33 | 195,842.65 | - | - | 16,149.08 | 16,149.08 |
| Total Government | \$ 16,210,579.55 | \$ 288,872.17 | \$ 4,095,056.11 | \$ - | (11,842,800.35) | 16,149.08 | (11,826,651.27) |
| General Revenues: | | | | | | | |
| Property Taxes: | | | | | | | |
| Levied for General Purposes | | | | | 4,284,805.00 | | 4,284,805.00 |
| Federal and State Aid - Unrestricted | | | | | 6,597,777.53 | | 6,597,777.53 |
| Interest and Investment Earnings - Unrestricted | | | | | 28,076.68 | 2,917.54 | 30,994.22 |
| Interest and Investment Earnings - Restricted | | | | | 9,557.96 | | 9,557.96 |
| Miscellaneous | | | | | 103,520.74 | | 103,520.74 |
| Total General Revenues | | | | | 11,023,737.91 | 2,917.54 | 11,026,655.45 |
| Change in Net Position | | | | | (819,062.44) | 19,066.62 | (799,995.82) |
| Net Position, July 1 | | | | | 7,013,395.67 | 320,020.78 | 7,333,416.45 |
| Net Position, June 30 | | | | | \$ 6,194,333.23 | \$ 339,087.40 | \$ 6,533,420.63 |

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

FUND FINANCIAL STATEMENTS

CLEMENTON SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2019

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|---|-----------------------------|-------------------------------------|---|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,477,924.23 | | \$ 1,477,924.23 |
| Cash and Cash Equivalents - Capital Reserve | 365,266.02 | | 365,266.02 |
| Interfunds Account Receivable: | | | |
| Special Revenue Fund | 123,958.89 | | 123,958.89 |
| Enterprise Fund | 6,140.25 | | 6,140.25 |
| Fiduciary Funds | 5,569.06 | | 5,569.06 |
| Intergovernmental Accounts Receivable, net: | | | |
| Federal | | \$ 238,729.00 | 238,729.00 |
| State | 207,434.00 | | 207,434.00 |
| Other | 34,460.70 | | 34,460.70 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 2,220,753.15</u> | <u>\$ 238,729.00</u> | <u>\$ 2,459,482.15</u> |
| LIABILITIES AND FUND BALANCES: | | | |
| Liabilities: | | | |
| Interfunds Account Payable: | | | |
| General Fund | | \$ 123,958.89 | \$ 123,958.89 |
| Intergovernmental Accounts Payable: | | | |
| Federal | | 41,331.05 | 41,331.05 |
| Accounts Payable | \$ 90,176.54 | 69,011.05 | 159,187.59 |
| Unearned Revenue | | 10,640.51 | 10,640.51 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>90,176.54</u> | <u>244,941.50</u> | <u>335,118.04</u> |
| Fund Balances: | | | |
| Restricted: | | | |
| Capital Reserve | 327,717.77 | | 327,717.77 |
| Emergency Reserve | 65,887.41 | | 65,887.41 |
| Maintenance Reserve | 127,208.40 | | 127,208.40 |
| Excess Surplus | 1,216,665.50 | | 1,216,665.50 |
| Legal Reserve | 567,885.58 | | 567,885.58 |
| Assigned: | | | |
| Other Purposes | 199,133.45 | | 199,133.45 |
| Unassigned (Deficit) | (373,921.50) | (6,212.50) | (380,134.00) |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>2,130,576.61</u> | <u>(6,212.50)</u> | <u>2,124,364.11</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,220,753.15</u> | <u>\$ 238,729.00</u> | |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2019

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

| | |
|--|-------------------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. The cost of the capital assets is \$12,616,817.86 and the accumulated depreciation is \$6,886,909.00 | \$ 5,729,908.86 |
| Deferred outflows and deferred inflows related to pensions represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements. | (334,711.00) |
| Accounts payable related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements. | (54,738.00) |
| Long-term liabilities, including compensated absences payable, pension liability, and early retirement incentive, are not due and payable in the current period and therefore are not reported in the fund financial statements. | <u>(1,270,490.74)</u> |
| Net Position of Governmental Activities | <u><u>\$ 6,194,333.23</u></u> |

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

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

| | General Fund | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|--|------------------------|----------------------------|-------------------------|--------------------------------|
| REVENUES: | | | | |
| Local Tax Levy | \$ 4,284,805.00 | | | \$ 4,284,805.00 |
| Tuition Charges | 91,532.84 | | | 91,532.84 |
| Interest Earned on Restricted Funds | 9,557.96 | | | 9,557.96 |
| Miscellaneous Revenues | 131,597.42 | | | 131,597.42 |
| Federal Sources | 18,206.63 | \$ 509,534.13 | | 527,740.76 |
| State Sources | 7,803,103.72 | 74,646.02 | | 7,877,749.74 |
| Local Sources | | 4,154.49 | | 4,154.49 |
| Total Revenues | 12,338,803.57 | 588,334.64 | \$ - | 12,927,138.21 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Regular Instruction | 2,307,844.79 | 474,963.19 | | 2,782,807.98 |
| Special Education Instruction | 730,938.95 | | | 730,938.95 |
| Other Special Instruction | 56,520.76 | | | 56,520.76 |
| Other Instruction | 45,085.34 | | | 45,085.34 |
| Support Services and Undistributed Costs: | | | | |
| Tuition | 3,674,111.41 | | | 3,674,111.41 |
| Student and Instruction Related Services | 937,565.96 | 109,092.35 | | 1,046,658.31 |
| Other Administrative Services | 333,941.73 | | | 333,941.73 |
| School Administrative Services | 337,712.15 | | | 337,712.15 |
| Plant Operations and Maintenance | 396,543.36 | | | 396,543.36 |
| Pupil Transportation | 1,003,319.45 | | | 1,003,319.45 |
| Personal Services - Employee Benefits | 2,840,783.89 | | | 2,840,783.89 |
| Capital Outlay | 472,159.30 | | | 472,159.30 |
| Transfer of Funds to Charter Schools | 229,180.53 | | | 229,180.53 |
| Total Expenditures | 13,365,707.62 | 584,055.54 | | 13,949,763.16 |
| Excess (Deficiency) of Revenues over Expenditures | (1,026,904.05) | 4,279.10 | - | (1,022,624.95) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers | 0.51 | | (0.51) | |
| Total Other Financing Sources and Uses | 0.51 | - | (0.51) | - |
| Net Change in Fund Balances | (1,026,903.54) | 4,279.10 | (0.51) | (1,022,624.95) |
| Fund Balance (Deficit), July 1 | 3,157,480.15 | (10,491.60) | 0.51 | 3,146,989.06 |
| Fund Balance (Deficit), June 30 | <u>\$ 2,130,576.61</u> | <u>\$ (6,212.50)</u> | <u>\$ -</u> | <u>\$ 2,124,364.11</u> |

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

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

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

Net Change in Fund Balances - Governmental Funds \$ (1,022,624.95)

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

| | | |
|-----------------------------------|-----------------|--|
| Depreciation Expense | \$ (379,598.69) | |
| Loss on Disposal of Capital Asset | | |
| Capital Outlays | 472,159.30 | |

92,560.61

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

38,461.90

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.

72,540.00

Change in Net Position of Governmental Activities

\$ (819,062.44)

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

CLEMENTON SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Statements of Net Position
June 30, 2019

| | <u>Food Service</u> | <u>Camp Clementon Community Education</u> |
|--|-------------------------|---|
| ASSETS: | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 29,412.11 | \$ 243,606.94 |
| Intergovernmental Accounts Receivable: | | |
| Federal | 30,930.38 | |
| State | 480.17 | |
| Inventory: | | |
| Food | 636.58 | |
| Supplies | 633.46 | |
| Commodities | 4,265.04 | |
| | <hr/> | <hr/> |
| Total Current Assets | 66,357.74 | 243,606.94 |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Machinery and Equipment | 164,128.00 | |
| Less: Accumulated Depreciation | (123,853.00) | |
| | <hr/> | <hr/> |
| Total Capital Assets (Net of Accumulated Depreciation) | 40,275.00 | - |
| | <hr/> | <hr/> |
| Total Noncurrent Assets | 40,275.00 | - |
| | <hr/> | <hr/> |
| Total Assets | 106,632.74 | 243,606.94 |
| LIABILITIES: | | |
| Current Liabilities: | | |
| Accounts Payable | 746.99 | |
| Interfund Accounts Payable: | | |
| General Fund | | 6,140.25 |
| Unearned Revenue | 4,265.04 | |
| | <hr/> | <hr/> |
| Total Current Liabilities | 5,012.03 | 6,140.25 |
| | <hr/> | <hr/> |
| Total Liabilities | 5,012.03 | 6,140.25 |
| NET POSITION: | | |
| Net Investment in Capital Assets | 40,275.00 | |
| Unrestricted | 61,345.71 | 237,466.69 |
| | <hr/> | <hr/> |
| Total Net Position | \$ 101,620.71 | \$ 237,466.69 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

CLEMENTON SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Statements of Revenues, Expenses, and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2019

| | <u>Food Service</u> | <u>Camp Clementon Community Education</u> |
|---|-------------------------|---|
| OPERATING REVENUES: | | |
| Charges for Services: | | |
| Daily Sales - Reimbursable Programs | | |
| School Lunch | \$ 33,400.74 | |
| School Breakfast | 3,981.99 | |
| Daily Sales - Non-Reimbursable Programs | | |
| Adult and Alacarte Sales | 24,348.32 | |
| Other Sales | 3,067.63 | |
| Tuition and Fees | | \$ 132,540.65 |
| Total Operating Revenues | <u>64,798.68</u> | <u>132,540.65</u> |
| OPERATING EXPENSES: | | |
| Food Service Management Company Salaries | 83,758.86 | |
| Personnel Services - Salaries | | 81,974.38 |
| Food Service Management Company Employee Benefits | 37,518.91 | |
| Personnel Services - Employee Benefits | | 6,315.29 |
| Purchased Professional and Technical Services | 163.00 | |
| Purchased Property Services | 18,915.44 | |
| Other Purchased Services | | 1,250.00 |
| Supplies and Materials | 636.02 | 4,413.21 |
| Cleaning, Repairs and Maintenance | | 24,000.00 |
| Depreciation | 8,469.00 | |
| Cost of Sales: | | |
| Reimbursable Program | 96,413.45 | |
| Non-Reimbursable Program | 12,898.85 | |
| Miscellaneous | | 306.49 |
| Total Operating Expenses | <u>258,773.53</u> | <u>118,259.37</u> |
| Operating Income (Loss) | <u>(193,974.85)</u> | <u>14,281.28</u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| State Sources: | | |
| State School Lunch Program | 3,055.44 | |
| Federal Sources: | | |
| National School Breakfast Program | 28,291.34 | |
| National School Lunch Program | 140,794.06 | |
| After School Snack Program | 8,498.49 | |
| HHFKA - Performance Based | 3,175.32 | |
| Food Distribution Program | 12,028.00 | |
| Interest and Investment Revenue | | 2,917.54 |
| Total Nonoperating Revenues (Expenses) | <u>195,842.65</u> | <u>2,917.54</u> |
| Change in Net Position | 1,867.80 | 17,198.82 |
| Net Position, July 1 | <u>99,752.91</u> | <u>220,267.87</u> |
| Net Position, June 30 | <u>\$ 101,620.71</u> | <u>\$ 237,466.69</u> |

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

CLEMENTON SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2019

| | <u>Food Service</u> | <u>Camp Clementon Community Education</u> |
|---|-------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from Customers and Users | \$ 65,545.67 | \$ 132,370.65 |
| Payments to Suppliers | (249,355.73) | (29,969.70) |
| Payments to Employees | | (79,037.47) |
| Payments for Employee Benefits | | (6,090.61) |
| Net Cash Provided by (Used for) Operating Activities | <u>(183,810.06)</u> | <u>17,272.87</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Federal Sources | 173,320.93 | |
| State Sources | <u>2,575.27</u> | |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>175,896.20</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Purchases of Capital Assets | <u>(14,639.00)</u> | |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>(14,639.00)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest and Dividends | | <u>2,917.54</u> |
| Net Cash Provided by (Used for) Investing Activities | <u>-</u> | <u>2,917.54</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (22,552.86) | 20,190.41 |
| Cash and Cash Equivalents, July 1 | <u>51,964.97</u> | <u>223,416.53</u> |
| Cash and Cash Equivalents, June 30 | <u>\$ 29,412.11</u> | <u>\$ 243,606.94</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | |
| Operating Income (Loss) | \$ (193,974.85) | \$ 14,281.28 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | |
| Depreciation | 8,469.00 | |
| (Increase) Decrease in Inventories for Resale | 948.80 | |
| Increase (Decrease) in Accounts Payable | 746.99 | |
| Increase (Decrease) in Interfund Accounts Payable | | 3,161.59 |
| Increase (Decrease) in Unearned Revenue | | <u>(170.00)</u> |
| Total Adjustments | <u>10,164.79</u> | <u>2,991.59</u> |
| Net Cash Provided by (used for) Operating Activities | <u>\$ (183,810.06)</u> | <u>\$ 17,272.87</u> |

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

CLEMENTON SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2019

| | <u>Private-Purpose Trust Funds</u> | | | <u>Agency Funds</u> | |
|---|--|--|-----------------------------|-----------------------------|---------------------|
| | <u>Unemployment Compensation Trust</u> | <u>Flexible Benefits Trust</u> | <u>Scholarship Fund</u> | <u>Student Activity</u> | <u>Payroll</u> |
| ASSETS: | | | | | |
| Cash and Cash Equivalents | \$ 139,082.13 | \$ 2,041.78 | \$ 5,217.39 | \$ 20,492.10 | \$ 46,272.73 |
| Intrafund Accounts Receivable: | | | | | |
| Payroll Agency | <u>5,393.17</u> | | | | |
| Total Assets | <u>144,475.30</u> | <u>2,041.78</u> | <u>5,217.39</u> | <u>\$ 20,492.10</u> | <u>\$ 46,272.73</u> |
| LIABILITIES: | | | | | |
| Intrafund Accounts Payable: | | | | | |
| Unemployment Compensation Trust | | | | | \$ 5,393.17 |
| Interfund Accounts Payable: | | | | | |
| General Fund | 5,393.17 | | | | 175.89 |
| Payable to Student Groups | | | | \$ 20,492.10 | |
| Payroll Deductions and Withholdings | | | | | <u>40,703.67</u> |
| Total Liabilities | <u>5,393.17</u> | <u>-</u> | <u>-</u> | <u>\$ 20,492.10</u> | <u>\$ 46,272.73</u> |
| NET POSITION: | | | | | |
| Held in Trust for Unemployment Claims and Other Purposes | <u>\$ 139,082.13</u> | <u>\$ 2,041.78</u> | <u>\$ 5,217.39</u> | | |

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

CLEMENTON SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Fund Net Position
 For the Fiscal Year Ended June 30, 2019

| | Private-Purpose Trust Funds | | |
|--------------------------------|--|--------------------------------------|----------------------------|
| | Unemployment Compensation <u>Trust</u> | Flexible Benefits <u>Trust</u> | Scholarship <u>Fund</u> |
| ADDITIONS: | | | |
| Contributions: | | | |
| Employee | \$ 8,048.55 | \$ - | \$ - |
| Total Contributions | <u>8,048.55</u> | <u>-</u> | <u>-</u> |
| Investment Earnings: | | | |
| Interest and Dividends | <u>2,048.84</u> | <u>27.28</u> | <u>-</u> |
| Net Investment Earnings | <u>2,048.84</u> | <u>27.28</u> | <u>-</u> |
| Total Additions | <u>10,097.39</u> | <u>27.28</u> | <u>-</u> |
| DEDUCTIONS: | | | |
| Awarded Scholarships Claims | <u>-</u> | <u>944.96</u> | <u>2,000.00</u> |
| Total Deductions | <u>-</u> | <u>944.96</u> | <u>2,000.00</u> |
| Change in Net Position | 10,097.39 | (917.68) | (2,000.00) |
| Net Position, July 1 | <u>128,984.74</u> | <u>2,959.46</u> | <u>7,217.39</u> |
| Net Position, June 30 | <u>\$ 139,082.13</u> | <u>\$ 2,041.78</u> | <u>\$ 5,217.39</u> |

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

CLEMENTON SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades kindergarten through eighth at its one school. The School District has an approximate enrollment at June 30, 2019 of 485.

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

Component Units

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

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

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

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

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 reports the following major proprietary funds:

Enterprise Funds

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

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

Additionally, the School District reports the following fund types.

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

The School District maintains the following fiduciary funds:

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

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

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

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

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

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

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

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

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

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

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

The budget, as detailed on exhibit C-1 and exhibit C-2, 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.

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

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.

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

Capital Assets

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

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

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

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

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

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

Net Position

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

Interfund Activity

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

Accounting Estimates

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

Impact of Recently Issued Accounting Principles**Recently Issued 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.

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

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

Statement No. 84, *Fiduciary Activities (Cont'd)*. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2019, the School District's bank balances of \$2,805,012.31 were exposed to custodial credit risk as follows:

| | |
|--------------------------------|-------------------------------|
| Insured by FDIC and GUDPA | \$ 2,805,012.31 |
| Uninsured and Uncollateralized | <u>-</u> |
| Total | <u><u>\$ 2,805,012.31</u></u> |

Note 3: CAPITAL RESERVE ACCOUNT

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

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.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

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 | \$ 407,134.93 |
| Increased by: | |
| Interest Earnings | <u>5,582.84</u> |
| | 412,717.77 |
| Decreased by: | |
| Withdrawals: | |
| Utilization in the FY 2019 Budget | <u>85,000.00</u> |
| Ending Balance, June 30, 2019 | <u><u>\$ 327,717.77</u></u> |

The June 30, 2019 LRFP balance of local support costs of uncompleted projects at June 30, 2019 is \$2,222,713.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 consisted of reimbursements and intergovernmental awards and grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey. However, an allowance for doubtful accounts in the amount of \$70,378.64 has been recorded in the general fund for the fiscal year ended June 30, 2019 against the balance of other receivable (\$104,839.34 gross) that are not expected to be fully collected within the subsequent fiscal year.

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

| Description | Governmental Funds | | Proprietary Funds | | | Total |
|-----------------|----------------------|----------------------|-------------------------------|---------------------|--------------------------------|----------------------|
| | General Fund | Special Revenue Fund | Total Governmental Activities | Food Service Fund | Total Business-Type Activities | |
| Federal Awards | | \$ 238,729.00 | \$ 238,729.00 | \$ 30,930.38 | \$ 30,930.38 | \$ 269,659.38 |
| State Awards | \$ 207,434.00 | | 207,434.00 | 480.17 | 480.17 | 207,914.17 |
| Tuition Charges | 34,460.70 | | 34,460.70 | | | 34,460.70 |
| Fiduciary Fund | 5,569.06 | | 5,569.06 | | | 5,569.06 |
| Total | <u>\$ 247,463.76</u> | <u>\$ 238,729.00</u> | <u>\$ 486,192.76</u> | <u>\$ 31,410.55</u> | <u>\$ 31,410.55</u> | <u>\$ 517,603.31</u> |

Note 5: CAPITAL ASSETS

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

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Increases</u> | <u>Transfers</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2019</u> |
|--|---------------------------------------|---------------------|-------------------|------------------|--|
| Governmental Activities: | | | | | |
| Capital Assets, not being Depreciated: | | | | | |
| Land | \$ 178,131.00 | | | | \$ 178,131.00 |
| Construction in Progress | 5,400.00 | \$ 300,155.90 | \$ (5,400.00) | | 300,155.90 |
| Total Capital Assets, not being Depreciated | <u>183,531.00</u> | <u>300,155.90</u> | <u>(5,400.00)</u> | <u>\$ -</u> | <u>478,286.90</u> |
| Capital Assets, being Depreciated: | | | | | |
| Land Improvements | 247,495.30 | | | | 247,495.30 |
| Buildings and Building Improvements | 10,906,160.13 | 115,199.40 | 5,400.00 | | 11,026,759.53 |
| Machinery and Equipment | 807,472.13 | 56,804.00 | | | 864,276.13 |
| Total Capital Assets, being Depreciated | <u>11,961,127.56</u> | <u>172,003.40</u> | <u>5,400.00</u> | <u>-</u> | <u>12,138,530.96</u> |
| Total Capital Assets, Cost | <u>12,144,658.56</u> | <u>472,159.30</u> | <u>-</u> | <u>-</u> | <u>12,616,817.86</u> |
| Less Accumulated Depreciation for: | | | | | |
| Land Improvements | (168,845.00) | (7,080.74) | | | (175,925.74) |
| Buildings and Building Improvements | (5,824,980.36) | (341,183.52) | | | (6,166,163.88) |
| Machinery and Equipment | (513,484.95) | (31,334.43) | | | (544,819.38) |
| Total Accumulated Depreciation | <u>(6,507,310.31)</u> | <u>(379,598.69)</u> | <u>-</u> | <u>-</u> | <u>(6,886,909.00)</u> |
| Total Capital Assets, being Depreciated, Net | <u>5,453,817.25</u> | <u>(207,595.29)</u> | <u>5,400.00</u> | <u>-</u> | <u>5,251,621.96</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 5,637,348.25</u> | <u>\$ 92,560.61</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,729,908.86</u> |
| | <u>Balance</u> <u>July 1, 2018</u> | <u>Increases</u> | <u>Transfers</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2019</u> |
| Business-Type Activities: | | | | | |
| Capital Assets, being Depreciated: | | | | | |
| Machinery and Equipment | \$ 149,489.00 | \$ 14,639.00 | | | \$ 164,128.00 |
| Total Capital Assets, being Depreciated | <u>149,489.00</u> | <u>14,639.00</u> | <u>\$ -</u> | <u>\$ -</u> | <u>164,128.00</u> |
| Total Capital Assets, Cost | <u>149,489.00</u> | <u>14,639.00</u> | <u>-</u> | <u>-</u> | <u>164,128.00</u> |
| Less Accumulated Depreciation for: | | | | | |
| Machinery and Equipment | (115,384.00) | (8,469.00) | | | (123,853.00) |
| Total Accumulated Depreciation | <u>(115,384.00)</u> | <u>(8,469.00)</u> | <u>-</u> | <u>-</u> | <u>(123,853.00)</u> |
| Total Capital Assets, being Depreciated, Net | <u>34,105.00</u> | <u>6,170.00</u> | <u>-</u> | <u>-</u> | <u>40,275.00</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 34,105.00</u> | <u>\$ 6,170.00</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 40,275.00</u> |

Note 5: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:

| | |
|----------------------------------|------------------|
| Regular Instruction | \$ 265,719.33 |
| Other Administrative Services | 37,959.35 |
| Plant Operations and Maintenance | 37,959.37 |
| Unallocated | <u>37,960.64</u> |

| | |
|--|----------------------|
| Total Depreciation Expense - Governmental Activities | <u>\$ 379,598.69</u> |
|--|----------------------|

Business-Type Activities:

| | |
|--------------|--------------------|
| Food Service | <u>\$ 8,469.00</u> |
|--------------|--------------------|

| | |
|---|--------------------|
| Total Depreciation Expense - Business-Type Activities | <u>\$ 8,469.00</u> |
|---|--------------------|

Note 6: LONG-TERM LIABILITIES

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

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2019</u> | <u>Due within</u> <u>One Year</u> |
|---|---------------------------------------|----------------------|--------------------------|--|--------------------------------------|
| Governmental Activities: | | | | | |
| Other Liabilities: | | | | | |
| Compensated Absences | \$ 103,859.64 | \$ 14,247.48 | \$ (39,561.38) | \$ 78,545.74 | \$ 18,327.41 |
| Net Pension Liability | 1,335,930.00 | 742,236.00 | (977,294.00) | 1,100,872.00 | |
| Early Retirement Incentive (PERS, TPAF) | 104,221.00 | | (13,148.00) | 91,073.00 | 12,488.00 |
| Total Other Liabilities | <u>1,544,010.64</u> | <u>756,483.48</u> | <u>(1,030,003.38)</u> | <u>1,270,490.74</u> | <u>30,815.41</u> |
| Governmental Activities Long-Term Liabilities | <u>\$ 1,544,010.64</u> | <u>\$ 756,483.48</u> | <u>\$ (1,030,003.38)</u> | <u>\$ 1,270,490.74</u> | <u>\$ 30,815.41</u> |

The compensated absences, net pension liability, and early retirement incentive are liquidated by the general fund.

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

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

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

Early Retirement Incentive - In accordance with the Lower Camden County Regional High School dissolution agreement, effective July 1, 2001, the Clementon School District assumed liability for its proportionate share of the "Regional High School Early Retirement Incentive Program" permitted by State legislation during 1995 for certain members of the Teachers' Pension and Annuity Fund and the Public Employees Retirement Fund. The members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1996 to be eligible. The School District is liable for its proportionate share of additional costs under this program. As of June 30, 2019, the School District had an accrued liability of \$91,073.00, payable in annual installments from the general fund, with final liquidation of the liability in fiscal year 2021.

Note 7: PENSION PLANS

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<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.

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

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

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

The following represents the membership tiers for TPAF:

Tier Definition

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

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

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

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

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

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

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

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50% 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 15.03% 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 \$508,474.00, and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were \$261,553.81.

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.

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

Public Employees' Retirement System (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 13.70% 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 \$55,614.00 and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were \$30,534.10

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 \$5,332.76, and the School District recognized pension expense, which equaled the required contributions, of \$2,908.74. 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 District's Proportionate Share of Net Pension Liability | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District | <u>21,399,120.00</u> |
| | <u>\$ 21,399,120.00</u> |

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 .0336369729%, which was an increase of .0034072208% from its proportion measured as of June 30, 2017.

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

Teachers' Pension and Annuity Fund (Cont'd) - For the fiscal year ended June 30, 2019, the School District recognized \$1,247,494.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2018 measurement date.

Public Employees' Retirement System - At June 30, 2019, the School District reported a liability of \$1,100,872.00 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 .0055911622%, which was a decrease of .0001477616% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the School District recognized pension expense of -\$16,926.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date.

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 Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between Expected and Actual Experience | \$ 20,994.00 | \$ 5,676.00 |
| Changes of Assumptions | 181,405.00 | 352,000.00 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 10,326.00 |
| Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions | 7,473.00 | 231,319.00 |
| School District Contributions Subsequent to the Measurement Date | 54,738.00 | - |
| | <u>\$ 264,610.00</u> | <u>\$ 599,321.00</u> |

\$54,738.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2020.

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

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

| Year Ending June 30, | | |
|---------------------------------|----|---------------------|
| 2020 | \$ | (70,313.00) |
| 2021 | | (84,685.00) |
| 2022 | | (124,307.00) |
| 2023 | | (85,362.00) |
| 2024 | | (24,782.00) |
| | | <u>(389,449.00)</u> |
| | \$ | <u>(389,449.00)</u> |

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

Public Employees' Retirement System (Cont'd) - 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| 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 7: 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:

| | <u>TPAF</u> | <u>PERS</u> |
|--------------------------------|--|------------------------------|
| 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.

Note 7: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd) - Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

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

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 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:

| | TPAF | | |
|--|------------------------------------|--|------------------------------------|
| | 1% Decrease (3.86%) | Current Discount Rate (4.86%) | 1% Increase (5.86%) |
| School District's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District | 25,293,353.00 | 21,399,120.00 | 18,170,895.00 |
| | <u>\$ 25,293,353.00</u> | <u>\$ 21,399,120.00</u> | <u>\$ 18,170,895.00</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:

| | PERS | | |
|--|------------------------------------|--|------------------------------------|
| | 1% Decrease (4.66%) | Current Discount Rate (5.66%) | 1% Increase (6.66%) |
| School District's Proportionate Share of the Net Pension Liability | \$ 1,384,220.00 | \$ 1,100,872.00 | \$ 863,161.00 |

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' 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 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

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

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

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

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

Employees Covered by Benefit Terms - At June 30, 2018, the 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>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.

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

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2019 was \$19,116,727.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

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 .0414582122%, which was a decrease of .0018775662% 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, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PERS and PFRS, 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.

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

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.

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 | | \$ 23,245,243.00 |
| Changes for the Year: | | |
| Service Cost | \$ 711,381.00 | |
| Interest Cost | 848,891.00 | |
| Difference Between Expected and Actual Experience | (3,001,541.00) | |
| Changes in Assumptions | (2,193,740.00) | |
| Gross Benefit Payments | (511,174.00) | |
| Member Contributions | 17,667.00 | |
| | | |
| Net Changes | | <u>(4,128,516.00)</u> |
| Balance at June 30, 2019 | | <u>\$ 19,116,727.00</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 <u>(2.87%)</u> | Current Discount Rate <u>(3.87%)</u> | 1% Increase <u>(4.87%)</u> |
|--|----------------------------------|--|----------------------------------|
| State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District | <u>\$ 22,599,863.00</u> | <u>\$ 19,116,727.00</u> | <u>\$ 16,347,994.00</u> |

Note 8: 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 (Cont'd)**

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:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|--|------------------------|--|------------------------|
| State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District | \$ 15,801,088.00 | \$ 19,116,727.00 | \$ 23,501,786.00 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability

For the fiscal year ended June 30, 2019, the School District recognized \$628,265.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Changes in Proportion | \$ - | \$ 1,194,880.00 |
| Difference Between Expected and Actual Experience | - | 1,855,705.00 |
| Changes of Assumptions | - | 4,285,112.00 |
| | <u>\$ -</u> | <u>\$ 7,335,697.00</u> |

Note 8: 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 Total Non-Employer OPEB Liability (Cont'd)**

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

| Year Ending June 30, | |
|---------------------------------|--------------------------|
| 2020 | \$ (899,940.00) |
| 2021 | (899,940.00) |
| 2022 | (899,940.00) |
| 2023 | (899,940.00) |
| 2024 | (899,940.00) |
| Thereafter | <u>(2,835,997.00)</u> |
| | <u>\$ (7,335,697.00)</u> |

Note 9: 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, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$663,772.00, \$13,895.00, \$307,389.00 and \$1,050.00 respectively.

Note 10: RISK MANAGEMENT

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

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

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

| Fiscal Year Ended June 30, | School District Contributions | Employee Contributions | Interest Income | Claims Incurred | Transfers | Ending Balance |
|---------------------------------------|--|-----------------------------------|----------------------------|----------------------------|------------------|---------------------------|
| 2019 | \$ - | \$ 8,048.55 | \$ 2,048.84 | \$ - | \$ - | \$ 139,082.13 |
| 2018 | | 7,966.86 | 163.17 | 5,393.17 | 30,000.00 | 128,984.74 |
| 2017 | 30,000.00 | 7,196.37 | | 2,544.72 | | 156,247.88 |

Note 10: RISK MANAGEMENT (CONT'D)

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

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

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

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

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

The Fund publishes its own financial report for the fiscal year ended June 30, 2019, which can be obtained from:

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

Note 11: DEFERRED COMPENSATION

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

Note 12: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position was \$78,545.74.

Note 13: 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 | \$ 135,668.20 | |
| Special Revenue | | \$ 123,958.89 |
| Food Service | | 6,140.25 |
| Fiduciary | <u>5,393.17</u> | <u>10,962.23</u> |
| Totals | <u>\$ 141,061.37</u> | <u>\$ 141,061.37</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 - The School District has paid off all of its outstanding bonds payable. Therefore, the debt service fund transferred the balance remaining in that fund of \$0.51 to the general fund during the fiscal year ended June 30, 2019.

Note 14: CONTINGENCIES

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

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 15: CONCENTRATIONS

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

Note 16: COMMITMENTS

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2019 that are to continue into the subsequent fiscal years. These projects are as follows:

| <u>Contract</u> | <u>Amount Outstanding</u> |
|-----------------|-------------------------------|
| Construction | \$ 45,000.00 |
| HVAC Controls | <u>165,528.00</u> |
| Total | <u>\$ 210,528.00</u> |

Note 17: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$373,921.50 in the general fund and \$6,212.50 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 \$380,134.00 is less than the June state aid payments.

Note 18: FUND BALANCES**RESTRICTED**

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

General Fund

For Legally Restricted Appropriations - In accordance with N.J.A.C. 6A:23A-8.5(j), the School District adopted a resolution to legally restrict fund balance in the amount of \$567,885.58 which represents funds received from the Estate of John Zawinski. These funds are restricted to be used for the benefit of the students of Clementon School District. These funds have been restricted by the Board to be used for the purchase of solar panels, an electronic sign for the school, playground equipment and science lab equipment. As of June 30, 2019, \$567,885.58 has been restricted for this purpose.

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 \$1,216,665.50. Additionally, \$1,035,828.83 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 \$327,717.77. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2019, the balance in the maintenance reserve account is \$127,208.40. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

For Emergency Reserve - As of June 30, 2019, the balance in the emergency reserve is \$65,887.41. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the restricted fund balance is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

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

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

General Fund

Other Purposes - As of June 30, 2019, the School District had \$199,133.45 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, the unassigned fund balance of the general fund was a deficit of \$373,921.50. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 17, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$373,921.50 is less than the last state aid payment

Special Revenue Fund - As of June 30, 2019, the fund balance of the special revenue fund was a deficit of \$6,212.50 thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 17, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$6,212.50 is less than the last state aid payment.

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

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|--|----------------------|--|----------------------|----------------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 4,284,805.00 | | \$ 4,284,805.00 | \$ 4,284,805.00 | |
| Tuition | 50,008.00 | | 50,008.00 | 91,532.84 | \$ 41,524.84 |
| Unrestricted Miscellaneous Revenues | 85,000.00 | | 85,000.00 | 131,597.42 | 46,597.42 |
| Interest Earned on Current Expense Emergency Reserve | 500.00 | | 500.00 | 1,766.72 | 1,266.72 |
| Interest Earned on Maintenance Reserve | 500.00 | | 500.00 | 2,208.40 | 1,708.40 |
| Interest Earned on Capital Reserve | 5,000.00 | | 5,000.00 | 5,582.84 | 582.84 |
| Total - Local Sources | 4,425,813.00 | \$ - | 4,425,813.00 | 4,517,493.22 | 91,680.22 |
| Federal Sources: | | | | | |
| Medicaid Reimbursement | 12,809.00 | | 12,809.00 | 18,206.63 | 5,397.63 |
| Total - Federal Sources | 12,809.00 | - | 12,809.00 | 18,206.63 | 5,397.63 |
| State Sources: | | | | | |
| Categorical Special Education Aid | 371,383.00 | | 371,383.00 | 371,383.00 | |
| Equalization Aid | 5,793,075.00 | | 5,793,075.00 | 5,793,075.00 | |
| Categorical Security Aid | 135,485.00 | | 135,485.00 | 135,485.00 | |
| Categorical Transportation Aid | 78,718.00 | | 78,718.00 | 78,718.00 | |
| Extraordinary Aid | 50,000.00 | 101,570.00 | 151,570.00 | 151,570.00 | |
| Other State Aids: | | | | | |
| Additional Nonpublic School Transportation Aid | | 8,136.00 | 8,136.00 | 8,136.00 | |
| Department of Children and Families Education Services - Tuition | | 47,728.00 | 47,728.00 | 47,728.00 | |
| On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted) | | | | 663,772.00 | 663,772.00 |
| On-behalf TPAF Non-Contributory Group Insurance (non-budgeted) | | | | 13,895.00 | 13,895.00 |
| On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted) | | | | 307,389.00 | 307,389.00 |
| On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted) | | | | 1,050.00 | 1,050.00 |
| Reimbursed T.P.A.F. Social Security Contributions (non-budgeted) | | | | 251,321.82 | 251,321.82 |
| Total - State Sources | 6,428,661.00 | 157,434.00 | 6,586,095.00 | 7,823,522.82 | 1,237,427.82 |
| Total Revenues | 10,867,283.00 | 157,434.00 | 11,024,717.00 | 12,359,222.67 | 1,334,505.67 |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---------------------|--|---------------------|---------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Kindergarten - Salaries of Teachers | \$ 198,000.00 | \$ (29,400.00) | \$ 168,600.00 | \$ 168,583.00 | \$ 17.00 |
| Grades 1-5 - Salaries of Teachers | 1,144,821.00 | (95,401.00) | 1,049,420.00 | 1,048,152.58 | 1,267.42 |
| Grades 6-8 - Salaries of Teachers | 813,291.00 | (44,315.83) | 768,975.17 | 768,899.00 | 76.17 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 3,000.00 | (3,000.00) | | | |
| Purchased Technical Services | 3,500.00 | (1,430.00) | 2,070.00 | 2,060.00 | 10.00 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 41,324.00 | 15,879.00 | 57,203.00 | 57,194.80 | 8.20 |
| Purchased Professional - Educational Services | 138,823.00 | (26,859.00) | 111,964.00 | 111,925.13 | 38.87 |
| Purchased Technical Services | 23,000.00 | (2,150.00) | 20,850.00 | 20,048.00 | 802.00 |
| Other Purchased Services (400-500 Series) | 33,500.00 | (10,000.00) | 23,500.00 | 23,056.62 | 443.38 |
| General Supplies | 102,257.95 | (30,816.15) | 71,441.80 | 71,423.32 | 18.48 |
| Textbooks | 28,895.93 | (140.90) | 28,755.03 | 28,755.03 | |
| Other Objects | 9,000.00 | | 9,000.00 | 7,747.31 | 1,252.69 |
| Total Regular Programs - Instruction | <u>2,539,412.88</u> | <u>(227,633.88)</u> | <u>2,311,779.00</u> | <u>2,307,844.79</u> | <u>3,934.21</u> |
| Special Education - Instruction: | | | | | |
| Learning and / or Language Disabilities: | | | | | |
| Salaries of Teachers | 176,268.00 | (62,929.20) | 113,338.80 | 113,338.80 | |
| General Supplies | 649.31 | | 649.31 | 585.36 | 63.95 |
| Total Learning and / or Language Disabilities | <u>176,917.31</u> | <u>(62,929.20)</u> | <u>113,988.11</u> | <u>113,924.16</u> | <u>63.95</u> |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | 173,240.00 | (14,237.40) | 159,002.60 | 158,973.00 | 29.60 |
| Purchased Professional - Education Services | 66,789.00 | 33,099.00 | 99,888.00 | 99,411.30 | 476.70 |
| General Supplies | 758.00 | (263.45) | 494.55 | 494.55 | |
| Total Multiple Disabilities | <u>240,787.00</u> | <u>18,598.15</u> | <u>259,385.15</u> | <u>258,878.85</u> | <u>506.30</u> |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|--|-----------------|---------------|-----------------------------|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Special Education - Instruction (Cont'd): | | | | | |
| Resource Room / Resource Center: | | | | | |
| Salaries of Teachers | \$ 297,600.00 | \$ 53,729.56 | \$ 351,329.56 | \$ 351,329.20 | \$ 0.36 |
| General Supplies | 375.00 | | 375.00 | 127.69 | 247.31 |
| Total Resource Room / Resource Center | 297,975.00 | 53,729.56 | 351,704.56 | 351,456.89 | 247.67 |
| Home Instruction: | | | | | |
| Salaries of Teachers | 5,000.00 | 1,807.80 | 6,807.80 | 6,679.05 | 128.75 |
| Total Home Instruction | 5,000.00 | 1,807.80 | 6,807.80 | 6,679.05 | 128.75 |
| Total Special Education - Instruction | 720,679.31 | 11,206.31 | 731,885.62 | 730,938.95 | 946.67 |
| Bilingual Education - Instruction: | | | | | |
| Salaries of Teachers | 55,950.00 | 471.00 | 56,421.00 | 56,421.00 | |
| General Supplies | 1,000.00 | | 1,000.00 | 99.76 | 900.24 |
| Total Bilingual Education - Instruction | 56,950.00 | 471.00 | 57,421.00 | 56,520.76 | 900.24 |
| School-Sponsored Cocurricular / Extracurricular Activities - Instruction: | | | | | |
| Salaries | 14,226.00 | (1,973.00) | 12,253.00 | 12,253.00 | |
| Purchased Services (300-500 Series) | 386.00 | 1,285.26 | 1,671.26 | 1,541.26 | 130.00 |
| Supplies and Materials | 6,544.00 | (3,783.00) | 2,761.00 | 2,739.10 | 21.90 |
| Total School-Sponsored Cocurricular / Extracurricular Activities - Instruction | 21,156.00 | (4,470.74) | 16,685.26 | 16,533.36 | 151.90 |
| School-Sponsored Athletics - Instruction: | | | | | |
| Salaries | 21,813.00 | | 21,813.00 | 21,053.00 | 760.00 |
| Purchased Services (300-500 Series) | 9,808.00 | (5,741.01) | 4,066.99 | 3,016.00 | 1,050.99 |
| Supplies and Materials | 2,278.28 | 2,070.00 | 4,348.28 | 4,344.98 | 3.30 |
| Other Objects | 632.00 | (138.34) | 493.66 | 138.00 | 355.66 |
| Total School-Sponsored Athletics - Instruction | 34,531.28 | (3,809.35) | 30,721.93 | 28,551.98 | 2,169.95 |
| Total Instruction | 3,372,729.47 | (224,236.66) | 3,148,492.81 | 3,140,389.84 | 8,102.97 |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|--|---------------------|--|---------------------|---------------------|-----------------------------|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEA's Within the State - Regular | \$ 2,115,000.00 | \$ 89,883.39 | \$ 2,204,883.39 | \$ 2,204,882.27 | \$ 1.12 |
| Tuition to Other LEA's Within the State - Special | 294,304.52 | 78,285.50 | 372,590.02 | 372,506.04 | 83.98 |
| Tuition to County Vocational School District - Regular | 179,417.00 | | 179,417.00 | 179,417.00 | |
| Tuition to CSSD and Regional Day Schools | 170,095.00 | 12,884.00 | 182,979.00 | 182,975.62 | 3.38 |
| Tuition to Private Schools for the Disabled - Within State | 554,998.00 | 179,471.28 | 734,469.28 | 734,330.48 | 138.80 |
| Total Undistributed Expenditures - Instruction | 3,313,814.52 | 360,524.17 | 3,674,338.69 | 3,674,111.41 | 227.28 |
| Undistributed Expenditures - Attendance and Social Work: | | | | | |
| Salaries | 8,000.00 | 4,484.22 | 12,484.22 | 12,484.22 | |
| Purchased Professional and Technical Services | 22,161.00 | 1,000.20 | 23,161.20 | 21,196.57 | 1,964.63 |
| Supplies and Materials | 710.00 | | 710.00 | 571.00 | 139.00 |
| Total Undistributed Expenditures - Attendance and Social Work | 30,871.00 | 5,484.42 | 36,355.42 | 34,251.79 | 2,103.63 |
| Undistributed Expenditures - Health Services: | | | | | |
| Salaries | 54,530.00 | 561.00 | 55,091.00 | 55,091.00 | |
| Purchased Professional and Technical Services | 7,555.00 | 2,636.75 | 10,191.75 | 9,866.75 | 325.00 |
| Supplies and Materials | 4,050.41 | (1,000.00) | 3,050.41 | 2,486.85 | 563.56 |
| Total Undistributed Expenditures - Health Services | 66,135.41 | 2,197.75 | 68,333.16 | 67,444.60 | 888.56 |
| Undistributed Expenditures - Speech, OT, PT and Related Services: | | | | | |
| Salaries | 57,410.00 | 219.75 | 57,629.75 | 57,629.75 | |
| Purchased Professional - Educational Services | 68,000.00 | (29,263.36) | 38,736.64 | 38,009.25 | 727.39 |
| Supplies and Materials | 1,412.00 | 108.06 | 1,520.06 | 1,520.06 | |
| Total Undistributed Expenditures - Speech, OT, PT and Related Services | 126,822.00 | (28,935.55) | 97,886.45 | 97,159.06 | 727.39 |
| Undistributed Expenditures - Other Support Services - Students - Extraordinary Services: | | | | | |
| Purchased Professional - Educational Services | 125,000.00 | 159,009.40 | 284,009.40 | 253,123.02 | 30,886.38 |
| Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services | 125,000.00 | 159,009.40 | 284,009.40 | 253,123.02 | 30,886.38 |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|--|-----------------|--------------|-----------------------------|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Guidance: | | | | | |
| Students - Regular: | | | | | |
| Salaries of Other Professional Staff | \$ 59,550.00 | \$ (4,000.00) | \$ 55,550.00 | \$ 54,761.00 | \$ 789.00 |
| Supplies and Materials | 4,000.00 | (2,000.00) | 2,000.00 | 384.00 | 1,616.00 |
| Total Undistributed Expenditures - Guidance | 63,550.00 | (6,000.00) | 57,550.00 | 55,145.00 | 2,405.00 |
| Undistributed Expenditures - Child Study Team: | | | | | |
| Salaries of Other Professional Staff | 210,780.00 | (46,938.06) | 163,841.94 | 163,841.94 | |
| Salaries of Secretarial and Clerical Assistants | 32,500.00 | 392.30 | 32,892.30 | 32,892.30 | |
| Purchased Professional - Educational Services | 18,882.00 | 7,419.59 | 26,301.59 | 25,231.39 | 1,070.20 |
| Misc Purchased Services (400-500 Series) Other than Residence | 430.00 | 20.00 | 450.00 | 450.00 | |
| Supplies and Materials | 3,903.00 | (3,380.63) | 522.37 | 515.73 | 6.64 |
| Total Undistributed Expenditures - Child Study Team | 266,495.00 | (42,486.80) | 224,008.20 | 222,931.36 | 1,076.84 |
| Undistributed Expenditures - Educational Media Services / School Library: | | | | | |
| Salaries | 33,660.00 | (3,454.49) | 30,205.51 | 30,205.51 | |
| Purchased Professional and Technical Services | 73,200.00 | 506.86 | 73,706.86 | 73,200.00 | 506.86 |
| Other Purchased Services (400-500 Series) | 33,302.00 | (16,325.00) | 16,977.00 | 16,943.75 | 33.25 |
| Supplies and Materials | 15,983.00 | (5,242.00) | 10,741.00 | 10,735.87 | 5.13 |
| Total Undistributed Expenditures - Educational Media Services / School Library | 156,145.00 | (24,514.63) | 131,630.37 | 131,085.13 | 545.24 |
| Undistributed Expenditures - Instructional Staff Training Services: | | | | | |
| Salaries of Supervisors of Instruction | 70,000.00 | 1,050.00 | 71,050.00 | 71,050.00 | |
| Other Purchased Services (400-500 Series) | 20,444.00 | (13,114.00) | 7,330.00 | 5,376.00 | 1,954.00 |
| Total Undistributed Expenditures - Instructional Staff Training Services | 90,444.00 | (12,064.00) | 78,380.00 | 76,426.00 | 1,954.00 |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|--|-------------------|-------------------|-----------------------------|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Support Services - General Administration: | | | | | |
| Salaries | \$ 174,700.00 | \$ 138.00 | \$ 174,838.00 | \$ 174,776.74 | \$ 61.26 |
| Legal Services | 40,000.00 | (15,000.00) | 25,000.00 | 24,113.55 | 886.45 |
| Audit Fees | 31,100.00 | (4,700.00) | 26,400.00 | 26,375.00 | 25.00 |
| Other Purchased Professional Services | 3,000.00 | (1,890.00) | 1,110.00 | | 1,110.00 |
| Purchased Technical Services | 11,592.00 | | 11,592.00 | 9,602.50 | 1,989.50 |
| Communications / Telephone | 36,490.00 | (11,831.18) | 24,658.82 | 23,803.28 | 855.54 |
| BOE Other Purchased Services | 4,700.00 | (610.00) | 4,090.00 | 3,814.96 | 275.04 |
| Miscellaneous Purchased Services (400-500) | 13,771.00 | (1,090.00) | 12,681.00 | 12,228.75 | 452.25 |
| General Supplies | 300.00 | 722.23 | 1,022.23 | 1,012.82 | 9.41 |
| BOE In-House Training / Meeting Supplies | 1,575.00 | (1,483.00) | 92.00 | | 92.00 |
| Miscellaneous Expenditures | 6,650.00 | 570.94 | 7,220.94 | 7,220.94 | |
| BOE Membership Dues and Fees | 9,000.00 | (300.00) | 8,700.00 | 6,944.95 | 1,755.05 |
| Total Undistributed Expenditures - Support Services - General Administration | 332,878.00 | (35,473.01) | 297,404.99 | 289,893.49 | 7,511.50 |
| Undistributed Expenditures - Support Services - School Administration: | | | | | |
| Salaries of Principals / Assistant Principals | 68,088.00 | 13,699.40 | 81,787.40 | 81,778.85 | 8.55 |
| Salaries of Secretarial and Clerical Assistants | 59,847.00 | (6,500.00) | 53,347.00 | 53,332.61 | 14.39 |
| Supplies and Materials | 2,073.44 | | 2,073.44 | 1,310.01 | 763.43 |
| Other Objects | 500.00 | (410.00) | 90.00 | 48.05 | 41.95 |
| Total Undistributed Expenditures - Support Services - School Administration | 130,508.44 | 6,789.40 | 137,297.84 | 136,469.52 | 828.32 |
| Undistributed Expenditures - Central Services: | | | | | |
| Salaries | 169,542.00 | (51,015.75) | 118,526.25 | 118,492.42 | 33.83 |
| Purchased Technical Services | 47,652.00 | 32,345.50 | 79,997.50 | 79,997.50 | |
| Supplies and Materials | 800.00 | 1,839.40 | 2,639.40 | 2,619.06 | 20.34 |
| Miscellaneous Expenditures | 1,200.00 | (1,000.00) | 200.00 | 133.65 | 66.35 |
| Total Undistributed Expenditures - Central Services | 219,194.00 | (17,830.85) | 201,363.15 | 201,242.63 | 120.52 |
| Undistributed Expenditures - Administration Information Technology: | | | | | |
| Supplies and Materials | 29,966.00 | (20,900.00) | 9,066.00 | 9,044.24 | 21.76 |
| Total Undistributed Expenditures - Administration Information Technology | 29,966.00 | (20,900.00) | 9,066.00 | 9,044.24 | 21.76 |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|--|-------------------|-------------------|-----------------------------|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Required Maintenance for School Facilities: | | | | | |
| Cleaning, Repair, and Maintenance Services | \$ 21,221.00 | \$ 11,896.39 | \$ 33,117.39 | \$ 33,099.62 | \$ 17.77 |
| General Supplies | 4,233.00 | (100.00) | 4,133.00 | 3,338.82 | 794.18 |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | 25,454.00 | 11,796.39 | 37,250.39 | 36,438.44 | 811.95 |
| Undistributed Expenditures - Custodial Services: | | | | | |
| Salaries | 185,615.00 | (14,942.13) | 170,672.87 | 170,602.11 | 70.76 |
| Purchased Professional and Technical Services | 332.00 | | 332.00 | 48.00 | 284.00 |
| Cleaning, Repair, and Maintenance Services | 50,000.00 | (30,245.00) | 19,755.00 | 19,668.35 | 86.65 |
| Other Purchased Property Services | 15,500.00 | (1,000.00) | 14,500.00 | 13,676.61 | 823.39 |
| Insurance | 33,875.00 | (6,700.00) | 27,175.00 | 27,113.00 | 62.00 |
| General Supplies | 26,806.00 | | 26,806.00 | 22,189.14 | 4,616.86 |
| Energy (Electricity) | 125,000.00 | (22,627.00) | 102,373.00 | 99,434.54 | 2,938.46 |
| Total Undistributed Expenditures - Custodial Services | 437,128.00 | (75,514.13) | 361,613.87 | 352,731.75 | 8,882.12 |
| Undistributed Expenditures - Care and Upkeep of Grounds: | | | | | |
| Cleaning, Repair, and Maintenance Services | 500.00 | 592.49 | 1,092.49 | 1,092.49 | |
| General Supplies | 900.00 | 688.13 | 1,588.13 | 1,588.12 | 0.01 |
| Total Undistributed Expenditures - Care and Upkeep of Grounds | 1,400.00 | 1,280.62 | 2,680.62 | 2,680.61 | 0.01 |
| Undistributed Expenditures - Security: | | | | | |
| Salaries | 5,000.00 | (5,000.00) | | | |
| Purchased Professional and Technical Services | | 360.00 | 360.00 | 360.00 | |
| Total Undistributed Expenditures - Security | 5,000.00 | (4,640.00) | 360.00 | 360.00 | - |
| Total Undistributed Expenditures - Operation and Maintenance of Plant Services | 468,982.00 | (67,077.12) | 401,904.88 | 392,210.80 | 9,694.08 |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|--|---------------------|--|---------------------|---------------------|-----------------------------|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Student Transportation Services: | | | | | |
| Management Fee - ESC and CTSA Transportation Program | \$ 28,000.00 | \$ (12,831.84) | \$ 15,168.16 | \$ 15,164.42 | \$ 3.74 |
| Contracted Services - (Between Home and School) - Vendors | 30,000.00 | (27,345.00) | 2,655.00 | 2,651.40 | 3.60 |
| Contracted Services - (Other than Between Home and School) - Vendors | 83,275.00 | (57,732.39) | 25,542.61 | 25,540.91 | 1.70 |
| Contracted Services (Between Home and School) - Joint Agreements | 85,000.00 | 184,710.55 | 269,710.55 | 269,710.55 | |
| Contracted Services (Special Education Students) - Vendors | | 54,116.94 | 54,116.94 | 54,116.00 | 0.94 |
| Contracted Services (Regular Students) - ESCs and CTSA | 78,000.00 | (2,000.00) | 76,000.00 | 76,000.00 | |
| Contracted Services (Special Education Students) - ESCs and CTSA | 389,500.00 | 126,180.00 | 515,680.00 | 515,636.17 | 43.83 |
| Contracted Services - Aid in Lieu Payments - Nonpublic Schools | 27,000.00 | 1,500.00 | 28,500.00 | 28,500.00 | |
| Contracted Services - Aid in Lieu Payments - Charter Schools | 11,000.00 | (1,500.00) | 9,500.00 | 9,500.00 | |
| Contracted Services - Aid in Lieu Payments - Choice Schools | 10,000.00 | (3,500.00) | 6,500.00 | 6,500.00 | |
| Total Undistributed Expenditures - Student Transportation Services | 741,775.00 | 261,598.26 | 1,003,373.26 | 1,003,319.45 | 53.81 |
| Unallocated Benefits - Employee Benefits: | | | | | |
| Social Security Contributions | 68,213.76 | 10,318.97 | 78,532.73 | 78,095.84 | 436.89 |
| T.P.A.F. Contributions - ERIP | 13,252.00 | (104.00) | 13,148.00 | 13,148.00 | |
| Other Retirement Contributions - PERS | 68,000.00 | (11,450.00) | 56,550.00 | 56,449.21 | 100.79 |
| Unemployment Compensation | | 14,606.83 | 14,606.83 | | 14,606.83 |
| Workmen's Compensation | 45,467.00 | (1,958.00) | 43,509.00 | 43,509.00 | |
| Health Benefits | 1,416,655.00 | (114,693.40) | 1,301,961.60 | 1,301,914.03 | 47.57 |
| Tuition Reimbursements | 20,000.00 | (17,000.00) | 3,000.00 | 2,940.00 | 60.00 |
| Other Employee Benefits | 58,575.00 | 12,072.35 | 70,647.35 | 70,549.99 | 97.36 |
| Unused Sick Payment to Terminated/Retired Staff | 14,500.00 | 22,250.00 | 36,750.00 | 36,750.00 | |
| Total Unallocated Benefits - Employee Benefits | 1,704,662.76 | (85,957.25) | 1,618,705.51 | 1,603,356.07 | 15,349.44 |
| On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted) | | | | 663,772.00 | (663,772.00) |
| On-behalf TPAF Non-Contributory Group Insurance (non-budgeted) | | | | 13,895.00 | 13,895.00 |
| On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted) | | | | 307,389.00 | (307,389.00) |
| On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted) | | | | 1,050.00 | (1,050.00) |
| Reimbursed T.P.A.F. Social Security Contributions (non-budgeted) | | | | 251,321.82 | (251,321.82) |
| Total On-Behalf Contributions | - | - | - | 1,237,427.82 | (1,209,637.82) |
| Total Personal Services - Employee Benefits | 1,704,662.76 | (85,957.25) | 1,618,705.51 | 2,840,783.89 | (1,194,288.38) |
| Total Undistributed Expenditures | 7,867,243.13 | 454,364.19 | 8,321,607.32 | 9,484,641.39 | (1,135,244.07) |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|---|----------------------|--|----------------------|-------------------------|-----------------------------|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Interest on Maintenance Reserve | \$ 500.00 | | \$ 500.00 | | \$ 500.00 |
| Interest on Current Expense Emergency Reserve | 500.00 | | 500.00 | | 500.00 |
| Total General Current Expense | 11,240,972.60 | \$ 230,127.53 | 11,471,100.13 | \$ 12,625,031.23 | (1,126,141.10) |
| Capital Outlay: | | | | | |
| Interest Deposit to Capital Reserve | 5,000.00 | - | 5,000.00 | - | 5,000.00 |
| Equipment: | | | | | |
| Undistributed Expenditures: | | | | | |
| Undistributed Expenditures - Admin Info Tech | 26,000.00 | (7,959.29) | 18,040.71 | 12,040.71 | 6,000.00 |
| Undist. Expend. - Security | 54,265.00 | 4,757.40 | 59,022.40 | 58,227.40 | 795.00 |
| Total Equipment | 80,265.00 | (3,201.89) | 77,063.11 | 70,268.11 | 6,795.00 |
| Facilities Acquisition and Construction Services: | | | | | |
| Architectural / Engineering Services | 2,800.70 | | 2,800.70 | 2,535.45 | 265.25 |
| Infrastructure | 400,000.00 | 26,600.00 | 426,600.00 | 261,072.00 | 165,528.00 |
| Construction Services | 125,850.08 | 20,001.67 | 145,851.75 | 142,616.30 | 3,235.45 |
| Assessment for Debt Service on SDA Funding | 35,004.00 | | 35,004.00 | 35,004.00 | |
| Total Facilities Acquisition and Construction Services | 563,654.78 | 46,601.67 | 610,256.45 | 441,227.75 | 169,028.70 |
| Total Capital Outlay | 648,919.78 | 43,399.78 | 692,319.56 | 511,495.86 | 180,823.70 |
| Special Schools: | | | | | |
| After School Program - Support Services: | | | | | |
| Salaries | | 1,500.00 | 1,500.00 | | 1,500.00 |
| Total After School - Instruction | - | 1,500.00 | 1,500.00 | - | 1,500.00 |
| Total Special Schools | - | 1,500.00 | 1,500.00 | - | 1,500.00 |

(Continued)

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|--|-----------------|-----------------|-----------------------------|
| EXPENDITURES (CONT'D): | | | | | |
| Transfer of Funds to Charter Schools | \$ 310,894.53 | \$ (81,714.00) | \$ 229,180.53 | \$ 229,180.53 | \$ - |
| Total Expenditures | 12,200,786.91 | 193,313.31 | 12,394,100.22 | 13,365,707.62 | (943,817.40) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,333,503.91) | (35,879.31) | (1,369,383.22) | (1,006,484.95) | 390,688.27 |
| Other Financing Sources (Uses): | | | | | |
| Transfers - from Debt Service Fund | | | | 0.51 | 0.51 |
| Total Other Financing Sources (Uses) | - | - | - | 0.51 | 0.51 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (1,333,503.91) | (35,879.31) | (1,369,383.22) | (1,006,484.44) | 390,688.78 |
| Fund Balances, July 1 | 3,760,982.55 | - | 3,760,982.55 | 3,760,982.55 | - |
| Fund Balances, June 30 | \$ 2,427,478.64 | \$ (35,879.31) | \$ 2,391,599.33 | \$ 2,754,498.11 | \$ 390,688.78 |
| Recapitulation: | | | | | |
| Restricted: | | | | | |
| Capital Reserve | | | | \$ 327,717.77 | |
| Emergency Reserve | | | | 65,887.41 | |
| Maintenance Reserve | | | | 127,208.40 | |
| Excess Surplus: | | | | | |
| Prior Year - Designated for Subsequent Year's Expenditures | | | | 1,035,828.83 | |
| Current Year | | | | 180,836.67 | |
| Legal Reserve | | | | 567,885.58 | |
| Assigned: | | | | | |
| Year-End Encumbrances | | | | 199,133.45 | |
| Unassigned | | | | 250,000.00 | |
| | | | | 2,754,498.11 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Fiscal Year 2019 Last State Aid Payments not Recognized on GAAP Basis | | | | (623,921.50) | |
| Fund Balance per Governmental Funds (GAAP) | | | | \$ 2,130,576.61 | |

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

| | <u>Original Budget</u> | <u>Budget Transfers / Modifications</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|---|-------------------------|-------------------|-------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Revenue from Local Sources | \$ 7,000.00 | \$ - | \$ 7,000.00 | \$ 4,633.29 | \$ (2,366.71) |
| Total - Local Sources | <u>7,000.00</u> | <u>-</u> | <u>7,000.00</u> | <u>4,633.29</u> | <u>(2,366.71)</u> |
| Federal Sources: | | | | | |
| Title I, Part A | 332,346.00 | | 332,346.00 | 328,090.00 | (4,256.00) |
| Title I, Reallocation | 14,720.00 | (185.70) | 14,534.30 | 14,534.30 | |
| Title II, Part A | 26,573.00 | | 26,573.00 | 25,989.86 | (583.14) |
| Title IV, Part A | 19,977.00 | | 19,977.00 | 19,976.93 | (0.07) |
| I.D.E.A. Part B, Basic | 120,780.00 | | 120,780.00 | 120,780.00 | |
| I.D.E.A. Part B, Preschool | 3,119.00 | | 3,119.00 | | (3,119.00) |
| Total - Federal Sources | <u>517,515.00</u> | <u>(185.70)</u> | <u>517,329.30</u> | <u>509,371.09</u> | <u>(7,958.21)</u> |
| State Sources: | | | | | |
| Preschool Education Aid | 70,366.92 | | 70,366.92 | 70,366.92 | |
| Total - State Sources | <u>70,366.92</u> | <u>-</u> | <u>70,366.92</u> | <u>70,366.92</u> | <u>-</u> |
| Total Revenues | <u>594,881.92</u> | <u>(185.70)</u> | <u>594,696.22</u> | <u>584,371.30</u> | <u>(10,324.92)</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 268,009.00 | | 268,009.00 | 263,953.10 | 4,055.90 |
| Purchased Professional and Technical Services | 17,916.92 | | 17,916.92 | 17,916.92 | |
| Other Purchased Services (400-500 series) | 123,899.00 | | 123,899.00 | 120,780.00 | 3,119.00 |
| General Supplies | 73,441.00 | (185.70) | 73,255.30 | 72,150.13 | 1,105.17 |
| Total Instruction | <u>483,265.92</u> | <u>(185.70)</u> | <u>483,080.22</u> | <u>474,800.15</u> | <u>8,280.07</u> |
| Support Services: | | | | | |
| Salaries | 27,380.00 | (12,380.00) | 15,000.00 | 14,823.90 | 176.10 |
| Salaries of Secretarial and Clerical Assistants | | 4,231.95 | 4,231.95 | 4,231.95 | |
| Personnel Services - Employee Benefits | 60,863.00 | 8,148.05 | 69,011.05 | 69,011.05 | |
| Purchased Professional and Technical Services | 21,999.20 | | 21,999.20 | 21,025.45 | 973.75 |
| Supplies and Materials | 1,373.80 | | 1,373.80 | 478.80 | 895.00 |
| Total Support Services | <u>111,616.00</u> | <u>-</u> | <u>111,616.00</u> | <u>109,571.15</u> | <u>2,044.85</u> |
| Total Expenditures | <u>594,881.92</u> | <u>(185.70)</u> | <u>594,696.22</u> | <u>584,371.30</u> | <u>10,324.92</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part II
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 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) "revenue" from the budgetary comparison schedule (C-series) | \$ 12,359,222.67 | \$ 584,371.30 |
| Budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | (315.76) |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes, and State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year. | <u>(20,419.10)</u> | <u>4,279.10</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2) | <u>\$ 12,338,803.57</u> | <u>\$ 588,334.64</u> |
| Uses / Outflows of Resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-series) | \$ 13,365,707.62 | \$ 584,371.30 |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | <u>(315.76)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2) | <u>\$ 13,365,707.62</u> | <u>\$ 584,055.54</u> |

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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

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

| | Measurement Date Ended June 30, | | | | | |
|---|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <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 | 0.0055911622% | 0.0057389238% | 0.0064557544% | 0.0071451352% | 0.0078618552% | 0.0076870033% |
| School District's Proportionate Share of the Net Pension Liability | \$ 1,100,872.00 | \$ 1,335,930.00 | \$ 1,912,009.00 | \$ 1,603,940.00 | \$ 1,471,954.00 | \$ 1,469,139.00 |
| School District's Covered Payroll (Plan Measurement Period) | \$ 382,580.00 | \$ 409,736.00 | \$ 466,980.00 | \$ 509,880.00 | \$ 547,948.00 | \$ 548,980.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 287.75% | 326.05% | 409.44% | 314.57% | 268.63% | 267.61% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% | 48.72% |

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

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

| | Fiscal Year Ended June 30, | | | | | |
|---|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Contractually Required Contribution | \$ 54,738.00 | \$ 55,614.00 | \$ 53,165.00 | \$ 57,352.00 | \$ 61,429.00 | \$ 64,812.00 |
| Contributions in relation to the Contractually Required Contribution | <u>(54,738.00)</u> | <u>(55,614.00)</u> | <u>(53,165.00)</u> | <u>(57,352.00)</u> | <u>(61,429.00)</u> | <u>(64,812.00)</u> |
| Contribution Deficiency (Excess) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| School District's Covered Payroll (Fiscal Year) | \$ 399,619.00 | \$ 384,723.00 | \$ 377,234.00 | \$ 395,592.00 | \$ 463,393.00 | \$ 459,303.00 |
| Contributions as a Percentage of School District's Covered Payroll | 13.70% | 14.46% | 14.09% | 14.50% | 13.26% | 14.11% |

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

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

| | Measurement Date Ended June 30, | | | | | |
|---|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <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>\$ 21,399,120.00</u> | <u>\$ 20,381,989.00</u> | <u>\$ 25,317,979.00</u> | <u>\$ 21,584,095.00</u> | <u>\$ 18,182,444.00</u> | <u>\$ 17,452,316.00</u> |
| | <u>\$ 21,399,120.00</u> | <u>\$ 20,381,989.00</u> | <u>\$ 25,317,979.00</u> | <u>\$ 21,584,095.00</u> | <u>\$ 18,182,444.00</u> | <u>\$ 17,452,316.00</u> |
| School District's Covered Payroll (Plan Measurement Period) | \$ 4,044,256.00 | \$ 4,010,992.00 | \$ 3,654,788.00 | \$ 3,813,492.00 | \$ 3,912,944.00 | \$ 3,833,004.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 529.12% | 508.15% | 692.73% | 565.99% | 464.67% | 455.32% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% |

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

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

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

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

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Notes to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2019

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**

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

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

| | Measurement Date Ending June 30, | |
|--|----------------------------------|-------------------------|
| | <u>2018</u> | <u>2017</u> |
| Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District | | |
| Changes for the Year: | | |
| Service Cost | \$ 711,381.00 | \$ 862,128.00 |
| Interest Cost | 848,891.00 | 739,138.00 |
| Difference Between Expected and Actual Experience | (3,001,541.00) | |
| Changes in Assumptions | (2,193,740.00) | (3,167,442.00) |
| Gross Benefit Payments | (511,174.00) | (538,409.00) |
| Member Contributions | <u>17,667.00</u> | <u>19,826.00</u> |
| Net Change in Total Non-Employer OPEB Liability | (4,128,516.00) | (2,084,759.00) |
| Total Non-Employer OPEB Liability - July 1 | <u>23,245,243.00</u> | <u>25,330,002.00</u> |
| Total Non-Employer OPEB Liability - June 30 | <u>\$ 19,116,727.00</u> | <u>\$ 23,245,243.00</u> |
| School District's Covered Payroll (Plan Measurement Period) | <u>\$ 3,898,215.00</u> | <u>\$ 3,790,590.00</u> |
| State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll | 490.40% | 613.24% |

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

CLEMENTON SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2019

Changes of 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

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

| | <u>Every Student Succeeds Act (E.S.S.A.)</u> | | | | | | | <u>Total</u> |
|--|--|----------------------------------|--|------------------|-----------------------------------|------------------------------------|----------------------------------|-------------------|
| | <u>Title I, Part A</u> | <u>Title I, Reallocation</u> | <u>Title II, Part A, Improving Teacher Quality</u> | <u>Title IV</u> | <u>I.D.E.A. Part B, Basic</u> | <u>Preschool Education Aid</u> | <u>Burlington County JIF</u> | |
| REVENUES: | | | | | | | | |
| Federal Sources | \$ 328,090.00 | \$ 14,534.30 | \$ 25,989.86 | \$ 19,976.93 | \$ 120,780.00 | | | \$ 509,371.09 |
| State Sources | | | | | | \$ 70,366.92 | | 70,366.92 |
| Local Sources | | | | | | | \$ 4,633.29 | 4,633.29 |
| Total Revenues | 328,090.00 | 14,534.30 | 25,989.86 | 19,976.93 | 120,780.00 | 70,366.92 | 4,633.29 | 584,371.30 |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | 211,539.10 | | | | | 52,414.00 | | 263,953.10 |
| Purchased Professional and Technical Services | | | | | | 17,916.92 | | 17,916.92 |
| Other Purchased Services (400-500 series) | | | | | 120,780.00 | | | 120,780.00 |
| General Supplies | 36,707.90 | 14,534.30 | 895.00 | 19,976.93 | | 36.00 | | 72,150.13 |
| Total Instruction | 248,247.00 | 14,534.30 | 895.00 | 19,976.93 | 120,780.00 | 70,366.92 | - | 474,800.15 |
| Support Services: | | | | | | | | |
| Salaries | | | 14,823.90 | | | | | 14,823.90 |
| Salaries of Secretarial and Clerical Assistants | 4,231.95 | | | | | | | 4,231.95 |
| Personnel Services - Employee Benefits | 69,011.05 | | | | | | | 69,011.05 |
| Purchased Professional and Technical Services | 6,600.00 | | 10,270.96 | | | | 4,154.49 | 21,025.45 |
| Supplies and Materials | | | | | | | 478.80 | 478.80 |
| Total Support Services | 79,843.00 | - | 25,094.86 | - | - | - | 4,633.29 | 109,571.15 |
| Total Expenditures | 328,090.00 | 14,534.30 | 25,989.86 | 19,976.93 | 120,780.00 | 70,366.92 | 4,633.29 | 584,371.30 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

CLEMENTON SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2019

| | <u>Original Budgeted</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------------|-----------------------------|-------------------------|---------------------|-----------------|
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | \$ 52,450.00 | \$ (36.00) | \$ 52,414.00 | \$ 52,414.00 | \$ - |
| Purchased Professional and Technical Services | 19,210.00 | (1,293.08) | 17,916.92 | 17,916.92 | |
| General Supplies | | 36.00 | 36.00 | 36.00 | |
| Total Instruction | <u>71,660.00</u> | <u>(1,293.08)</u> | <u>70,366.92</u> | <u>70,366.92</u> | <u>-</u> |
| Total Expenditures | <u>\$ 71,660.00</u> | <u>\$ (1,293.08)</u> | <u>\$ 70,366.92</u> | <u>\$ 70,366.92</u> | <u>\$ -</u> |

Calculation of Budget and Carryover

| | |
|--|--------------------|
| Total Revised 2018-19 Preschool Education Aid Allocation | \$ 62,125.00 |
| Add: Actual Preschool Education Aid Carryover (June 30, 2018) | 8,241.92 |
| Budgeted Transfer from General Fund 2018-19 | - |
| Canceled Prior Year Encumbrances | - |
| Total Preschool Education Aid Funds Available for 2018-19 Budget | 70,366.92 |
| Less: 2018-19 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover) | <u>(70,366.92)</u> |
| Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2019 | - |
| Add: June 30, 2019 Unexpended Preschool Education Aid | - |
| Less: 2018-19 Commissioner-approved Transfer to General Fund | - |
| 2018-19 Carryover - Preschool Education Aid | <u>\$ -</u> |
| 2018-19 Preschool Education Aid Carryover Budgeted in 2019-20 | <u>\$ -</u> |

PROPRIETARY FUNDS

CLEMENTON SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Combining Statement of Net Position
June 30, 2019

| | <u>Food Service</u> | <u>Camp Clementon Community Education</u> | <u>Total</u> |
|---|-------------------------|---|----------------------|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 29,412.11 | \$ 243,606.94 | \$ 273,019.05 |
| Intergovernmental Accounts Receivable: | | | |
| Federal | 30,930.38 | | 30,930.38 |
| State | 480.17 | | 480.17 |
| Inventory: | | | |
| Food | 636.58 | | 636.58 |
| Supplies | 633.46 | | 633.46 |
| Commodities | 4,265.04 | | 4,265.04 |
| Total Current Assets | <u>66,357.74</u> | <u>243,606.94</u> | <u>309,964.68</u> |
| Noncurrent Assets: | | | |
| Capital Assets: | | | |
| Machinery and Equipment | 164,128.00 | | 164,128.00 |
| Less: Accumulated Depreciation | (123,853.00) | | (123,853.00) |
| Total Capital Assets (Net of Accumulated Depreciation) | <u>40,275.00</u> | <u>-</u> | <u>40,275.00</u> |
| Total Noncurrent Assets | <u>40,275.00</u> | <u>-</u> | <u>40,275.00</u> |
| Total Assets | <u>106,632.74</u> | <u>243,606.94</u> | <u>350,239.68</u> |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Accounts Payable - Due Students | 746.99 | | 746.99 |
| Interfund Accounts Payable: | | | |
| General Fund | | 6,140.25 | 6,140.25 |
| Unearned Revenue | 4,265.04 | | 4,265.04 |
| Total Current Liabilities | <u>5,012.03</u> | <u>6,140.25</u> | <u>11,152.28</u> |
| Total Liabilities | <u>5,012.03</u> | <u>6,140.25</u> | <u>11,152.28</u> |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 40,275.00 | | 40,275.00 |
| Unrestricted | 61,345.71 | 237,466.69 | 298,812.40 |
| Total Net Position | <u>\$ 101,620.71</u> | <u>\$ 237,466.69</u> | <u>\$ 339,087.40</u> |

CLEMENTON SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019

| | <u>Food Service</u> | <u>Camp Clementon Community Education</u> | <u>Total</u> |
|---|-------------------------|---|----------------------|
| OPERATING REVENUES: | | | |
| Charges for Services: | | | |
| Daily Sales - Reimbursable Programs | | | |
| School Lunch | \$ 33,400.74 | | \$ 33,400.74 |
| School Breakfast | 3,981.99 | | 3,981.99 |
| Daily Sales - Non-Reimbursable Programs | | | |
| Adult and Alacarte Sales | 24,348.32 | | 24,348.32 |
| Other Sales | 3,067.63 | | 3,067.63 |
| Tuition and Fees | | \$ 132,540.65 | 132,540.65 |
| | <u>64,798.68</u> | <u>132,540.65</u> | <u>197,339.33</u> |
| Total Operating Revenues | | | |
| OPERATING EXPENSES: | | | |
| Food Service Management Company Salaries | 83,758.86 | | 83,758.86 |
| Personnel Services - Salaries | | 81,974.38 | 81,974.38 |
| Food Service Management Company Employee Benefits | 37,518.91 | | 37,518.91 |
| Personnel Services - Employee Benefits | | 6,315.29 | 6,315.29 |
| Purchased Professional and Technical Services | 163.00 | | 163.00 |
| Purchased Property Services | 18,915.44 | | 18,915.44 |
| Other Purchased Services | | 1,250.00 | 1,250.00 |
| Supplies and Materials | 636.02 | 4,413.21 | 5,049.23 |
| Cleaning, Repairs and Maintenance | | 24,000.00 | 24,000.00 |
| Depreciation | 8,469.00 | | 8,469.00 |
| Cost of Sales: | | | |
| Reimbursable Program | 96,413.45 | | 96,413.45 |
| Non-Reimbursable Program | 12,898.85 | | 12,898.85 |
| Miscellaneous | | 306.49 | 306.49 |
| | <u>258,773.53</u> | <u>118,259.37</u> | <u>377,032.90</u> |
| Total Operating Expenses | | | |
| Operating Income (Loss) | <u>(193,974.85)</u> | <u>14,281.28</u> | <u>(179,693.57)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | |
| State Sources: | | | |
| State School Lunch Program | 3,055.44 | | 3,055.44 |
| Federal Sources: | | | |
| National School Breakfast Program | 28,291.34 | | 28,291.34 |
| National School Lunch Program | 140,794.06 | | 140,794.06 |
| After School Snack Program | 8,498.49 | | 8,498.49 |
| HHFKA - Performance Based | 3,175.32 | | 3,175.32 |
| Food Distribution Program | 12,028.00 | | 12,028.00 |
| Interest and Investment Revenue | | 2,917.54 | 2,917.54 |
| | <u>195,842.65</u> | <u>2,917.54</u> | <u>198,760.19</u> |
| Total Nonoperating Revenues (Expenses) | | | |
| Change in Net Position | 1,867.80 | 17,198.82 | 19,066.62 |
| Net Position, July 1 | <u>99,752.91</u> | <u>220,267.87</u> | <u>320,020.78</u> |
| Net Position, June 30 | <u>\$ 101,620.71</u> | <u>\$ 237,466.69</u> | <u>\$ 339,087.40</u> |

CLEMENTON SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

| | <u>Food Service</u> | <u>Camp Clementon Community Education</u> | <u>Total</u> |
|---|-------------------------|---|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from Customers and Users | \$ 65,545.67 | \$ 132,370.65 | \$ 197,916.32 |
| Receipts from Interfund Services Provided | | | |
| Payments to Suppliers | (249,355.73) | (29,969.70) | (279,325.43) |
| Payments to Employees | | (79,037.47) | (79,037.47) |
| Payments for Employee Benefits | | (6,090.61) | (6,090.61) |
| Net Cash Provided by (Used for) Operating Activities | <u>(183,810.06)</u> | <u>17,272.87</u> | <u>(166,537.19)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Federal Sources | 173,320.93 | | 173,320.93 |
| State Sources | 2,575.27 | | 2,575.27 |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>175,896.20</u> | <u>-</u> | <u>175,896.20</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Purchases of Capital Assets | (14,639.00) | | (14,639.00) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>(14,639.00)</u> | <u>-</u> | <u>(14,639.00)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest and Dividends Received | | 2,917.54 | 2,917.54 |
| Net Cash Provided by (Used for) Investing Activities | <u>-</u> | <u>2,917.54</u> | <u>2,917.54</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (22,552.86) | 20,190.41 | (2,362.45) |
| Cash and Cash Equivalents, July 1 | 51,964.97 | 223,416.53 | 275,381.50 |
| Cash and Cash Equivalents, June 30 | <u>\$ 29,412.11</u> | <u>\$ 243,606.94</u> | <u>\$ 273,019.05</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Operating Income (Loss) | \$ (193,974.85) | \$ 14,281.28 | \$ (179,693.57) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Depreciation | 8,469.00 | | 8,469.00 |
| (Increase) Decrease in Inventories | 948.80 | | 948.80 |
| Increase (Decrease) in Accounts Payable | 746.99 | | 746.99 |
| Increase (Decrease) in Interfund Accounts Payable | | 3,161.59 | 3,161.59 |
| Increase (Decrease) in Unearned Revenue | | (170.00) | (170.00) |
| Total Adjustments | <u>10,164.79</u> | <u>2,991.59</u> | <u>13,156.38</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (183,810.06)</u> | <u>\$ 17,272.87</u> | <u>\$ (166,537.19)</u> |

FIDUCIARY FUNDS

CLEMENTON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2019

| | Private-Purpose Trust Funds | | | Agency Funds | | <u>Total</u> |
|--|--|--|-----------------------------|-----------------------------|---------------------|----------------------|
| | <u>Unemployment Compensation Trust</u> | <u>Flexible Benefits Trust</u> | <u>Scholarship Fund</u> | <u>Student Activity</u> | <u>Payroll</u> | |
| ASSETS: | | | | | | |
| Cash and Cash Equivalents | \$ 139,082.13 | \$ 2,041.78 | \$ 5,217.39 | \$ 20,492.10 | \$ 46,272.73 | \$ 213,106.13 |
| Intrafund Accounts Receivable: Payroll | <u>5,393.17</u> | | | | | <u>5,393.17</u> |
| Total Assets | <u>144,475.30</u> | <u>2,041.78</u> | <u>5,217.39</u> | <u>\$ 20,492.10</u> | <u>\$ 46,272.73</u> | <u>218,499.30</u> |
| LIABILITIES: | | | | | | |
| Intrafund Accounts Payable: Unemployment Compensation Trust | | | | | \$ 5,393.17 | 5,393.17 |
| Interfund Accounts Payable: General Fund | 5,393.17 | | | | 175.89 | 5,569.06 |
| Payable to Student Groups | | | | \$ 20,492.10 | | 20,492.10 |
| Payroll Deductions and Withholdings | | | | | 40,703.67 | 40,703.67 |
| Total Liabilities | <u>5,393.17</u> | <u>-</u> | <u>-</u> | <u>\$ 20,492.10</u> | <u>\$ 46,272.73</u> | <u>72,158.00</u> |
| NET POSITION: | | | | | | |
| Held in Trust for Unemployment Claims and Other Purposes | <u>\$ 139,082.13</u> | <u>\$ 2,041.78</u> | <u>\$ 5,217.39</u> | | | <u>\$ 146,341.30</u> |

CLEMENTON SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2019

| | <u>Private-Purpose Trust Funds</u> | | | <u>Total</u> |
|-------------------------|--|--|-----------------------------|----------------------|
| | <u>Unemployment Compensation Trust</u> | <u>Flexible Benefits Trust</u> | <u>Scholarship Fund</u> | |
| ADDITIONS: | | | | |
| Contributions: | | | | |
| Employee | \$ 8,048.55 | \$ - | \$ - | \$ 8,048.55 |
| Total Contributions | <u>8,048.55</u> | <u>-</u> | <u>-</u> | <u>8,048.55</u> |
| Investment Earnings: | | | | |
| Interest and Dividends | 2,048.84 | 27.28 | | 2,076.12 |
| Net Investment Earnings | <u>2,048.84</u> | <u>27.28</u> | <u>-</u> | <u>2,076.12</u> |
| Total Additions | <u>10,097.39</u> | <u>27.28</u> | <u>-</u> | <u>10,124.67</u> |
| DEDUCTIONS: | | | | |
| Awarded Scholarships | | | 2,000.00 | 2,000.00 |
| Claims | | 944.96 | | 944.96 |
| Total Deductions | <u>-</u> | <u>944.96</u> | <u>2,000.00</u> | <u>2,944.96</u> |
| Change in Net Position | 10,097.39 | (917.68) | (2,000.00) | 7,179.71 |
| Net Position, July 1 | <u>128,984.74</u> | <u>2,959.46</u> | <u>7,217.39</u> | <u>139,161.59</u> |
| Net Position, June 30 | <u>\$ 139,082.13</u> | <u>\$ 2,041.78</u> | <u>\$ 5,217.39</u> | <u>\$ 146,341.30</u> |

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

| | <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> |
|-----------------------------|--|--------------------------------|-------------------------------------|--|
| Elementary School: | | | | |
| Clementon Elementary School | <u>\$ 9,848.15</u> | <u>\$ 17,213.38</u> | <u>\$ 6,569.43</u> | <u>\$ 20,492.10</u> |

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

| | <u>Balance</u> <u>June 30, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2019</u> |
|-------------------------------------|--|------------------------|------------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 8,855.63 | \$ 4,687,925.89 | \$ 4,650,508.79 | \$ 46,272.73 |
| Interfund Accounts Receivable: | | | | |
| General Fund | <u>0.12</u> | | <u>0.12</u> | |
| Total Assets | <u>\$ 8,855.75</u> | <u>\$ 4,687,925.89</u> | <u>\$ 4,650,508.91</u> | <u>\$ 46,272.73</u> |
| LIABILITIES: | | | | |
| Intrafund Accounts Payable: | | | | |
| Unemployment Compensation Trust | \$ 5,393.17 | | | \$ 5,393.17 |
| Interfund Accounts Payable: | | | | |
| General Fund | | 1,026.78 | 850.89 | 175.89 |
| Accrued Salaries and Wages | | 2,586,332.08 | 2,586,332.08 | |
| Payroll Deductions and Withholdings | <u>3,462.58</u> | <u>2,100,567.03</u> | <u>2,063,325.94</u> | <u>40,703.67</u> |
| Total Liabilities | <u>\$ 8,855.75</u> | <u>\$ 4,687,925.89</u> | <u>\$ 4,650,508.91</u> | <u>\$ 46,272.73</u> |

LONG-TERM DEBT

CLEMENTON SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

| | <u>Original Budget</u> | <u>Budget Modifications / Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|---|-------------------------|---------------|-------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total - Local Sources | - | - | - | - | - |
| Total Revenues | - | - | - | - | - |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest on Bonds | | | | | |
| Redemption of Principal | | | | | |
| Total Regular Debt Service | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| Other Financing Sources (Uses): | | | | | |
| Transfers Out - General Fund | | | | (0.51) | (0.51) |
| Total Other Financing Sources (Uses) | - | - | - | (0.51) | (0.51) |
| Net Change in Fund Balance | - | - | - | (0.51) | (0.51) |
| Fund Balance, July 1 | - | - | - | 0.51 | 0.51 |
| Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| For Subsequent Years' Expenditures | | | | \$ - | |

STATISTICAL SECTION

FINANCIAL TRENDS INFORMATION

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

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 * | 2013 | 2012 | 2011 | 2010 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 5,729,908.86 | \$ 5,637,348.25 | \$ 3,824,343.91 | \$ 3,482,552.28 | \$ 3,323,614.12 | \$ 3,037,931.25 | \$ 2,913,510.38 | \$ 2,880,872.00 | \$ 2,908,481.00 | \$ 2,654,944.00 |
| Restricted | 2,305,364.66 | 2,709,827.49 | 3,427,861.70 | 2,871,048.01 | 2,439,948.99 | 1,801,261.39 | 1,696,504.64 | 1,791,768.00 | 1,278,322.00 | 1,569,554.00 |
| Unrestricted (Deficit) | (1,840,940.29) | (1,333,780.07) | (1,154,633.92) | (1,790,250.71) | (1,950,556.20) | (1,935,272.61) | (610,570.45) | (521,393.21) | (688,122.00) | (881,117.00) |
| Total Governmental Activities Net Position | \$ 6,194,333.23 | \$ 7,013,395.67 | \$ 6,097,571.69 | \$ 4,563,349.58 | \$ 3,813,006.91 | \$ 2,903,920.03 | \$ 3,999,444.57 | \$ 4,151,246.79 | \$ 3,498,681.00 | \$ 3,343,381.00 |
| Business-Type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 40,275.00 | \$ 34,105.00 | \$ 42,580.00 | \$ 39,957.00 | \$ 47,705.00 | \$ 55,521.00 | \$ 63,407.00 | \$ 71,291.00 | \$ 79,175.00 | \$ 87,061.00 |
| Unrestricted | 298,812.40 | 285,915.78 | 205,167.14 | 162,897.12 | 117,431.07 | 124,788.24 | 109,198.66 | 86,684.09 | 95,940.00 | 85,599.00 |
| Total Business-Type Activities Net Position | \$ 339,087.40 | \$ 320,020.78 | \$ 247,747.14 | \$ 202,854.12 | \$ 165,136.07 | \$ 180,309.24 | \$ 172,605.66 | \$ 157,975.09 | \$ 175,115.00 | \$ 172,660.00 |
| Government-Wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 5,770,183.86 | \$ 5,671,453.25 | \$ 3,866,923.91 | \$ 3,522,509.28 | \$ 3,371,319.12 | \$ 3,093,452.25 | \$ 2,976,917.38 | \$ 2,952,163.00 | \$ 2,987,656.00 | \$ 2,742,005.00 |
| Restricted | 2,305,364.66 | 2,709,827.49 | 3,427,861.70 | 2,871,048.01 | 2,439,948.99 | 1,801,261.39 | 1,696,504.64 | 1,791,768.00 | 1,278,322.00 | 1,569,554.00 |
| Unrestricted (Deficit) | (1,542,127.89) | (1,047,864.29) | (949,466.78) | (1,627,353.59) | (1,833,125.13) | (1,810,484.37) | (501,371.79) | (434,709.12) | (592,182.00) | (795,518.00) |
| Total Government-Wide Net Position | \$ 6,533,420.63 | \$ 7,333,416.45 | \$ 6,345,318.83 | \$ 4,766,203.70 | \$ 3,978,142.98 | \$ 3,084,229.27 | \$ 4,172,050.23 | \$ 4,309,221.88 | \$ 3,673,796.00 | \$ 3,516,041.00 |

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

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

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 * | 2014 | 2013 | 2012 | 2011 | 2010 |
| Expenses: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 3,039,360.91 | \$ 2,992,142.08 | \$ 3,017,969.92 | \$ 2,854,815.19 | \$ 2,821,858.53 | \$ 2,845,950.63 | \$ 2,889,736.57 | \$ 2,300,491.00 | \$ 2,880,613.00 | \$ 3,138,592.00 |
| Special Education | 730,938.95 | 632,035.47 | 717,919.36 | 758,730.08 | 720,609.51 | 653,593.97 | 633,144.98 | 1,172,550.00 | 660,020.00 | 733,156.00 |
| Other Special Instruction | 56,520.76 | 54,295.19 | 7,921.49 | 31,795.67 | 82,410.57 | 76,755.00 | 1,000.00 | | | |
| Other Instruction | 45,085.34 | 42,993.84 | 41,031.02 | 42,687.21 | 36,370.18 | 39,002.15 | 34,531.68 | 32,534.00 | 31,908.00 | 34,720.00 |
| Support Services: | | | | | | | | | | |
| Tuition | 3,674,111.41 | 3,177,266.96 | 2,991,727.96 | 3,329,269.36 | 3,363,785.42 | 3,731,577.35 | 3,795,588.99 | 3,709,226.00 | 3,728,817.00 | 3,771,456.00 |
| Student and Instruction Related Services | 1,046,658.31 | 964,116.34 | 999,211.81 | 838,316.18 | 812,623.24 | 782,578.79 | 806,058.08 | 830,822.00 | 842,179.00 | 865,119.00 |
| Other Administrative Services | 371,901.08 | 367,156.78 | 445,153.24 | 340,974.56 | 314,274.25 | 283,565.67 | 386,628.47 | 465,638.00 | 482,988.00 | 506,494.00 |
| School Administrative Services | 321,564.65 | 339,414.71 | 316,789.44 | 337,847.31 | 377,780.71 | 355,526.98 | 353,764.89 | 134,652.00 | 144,735.00 | 182,101.00 |
| Plant Operations and Maintenance | 434,502.73 | 467,719.20 | 451,146.25 | 487,696.41 | 461,712.18 | 519,051.17 | 517,495.86 | 437,070.00 | 466,227.00 | 470,756.00 |
| Pupil Transportation | 1,003,319.45 | 602,152.19 | 669,000.31 | 572,523.78 | 432,337.03 | 575,282.42 | 442,717.23 | 321,146.00 | 382,306.00 | 398,386.00 |
| Personal Services - Employee Benefits | 4,842,441.89 | 4,255,315.41 | 3,882,449.25 | 3,269,088.52 | 2,857,537.59 | 1,894,955.88 | 1,954,284.45 | 1,987,590.00 | 1,885,736.00 | 1,795,289.00 |
| Transfer of Funds to Charter School | 229,180.53 | 150,249.00 | 165,573.00 | 51,507.00 | 59,369.00 | 19,386.00 | 34,141.00 | | | |
| Interest on Long-term Debt | | 15,982.71 | 26,656.13 | 33,659.89 | 40,561.02 | 51,735.35 | 86,173.01 | 131,850.00 | 124,126.00 | 137,813.00 |
| Unallocated Depreciation and Amortization | 37,960.64 | 34,022.02 | 30,225.71 | 33,210.28 | 29,585.11 | 29,354.50 | 29,109.40 | 40,254.00 | 47,021.00 | 40,544.00 |
| Total Governmental Activities Expenses | 15,833,546.65 | 14,094,861.90 | 13,762,774.89 | 12,982,121.44 | 12,410,814.34 | 11,858,315.86 | 11,964,374.61 | 11,563,823.00 | 11,676,676.00 | 12,074,426.00 |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 258,773.53 | 236,351.53 | 243,719.71 | 234,792.20 | 237,690.00 | 246,356.61 | 255,227.12 | 246,040.00 | 235,821.00 | 236,857.00 |
| Camp Clementon Community Education | 118,259.37 | 62,726.50 | 67,660.28 | 67,410.28 | 77,906.70 | 44,167.83 | 45,508.40 | 69,873.00 | 79,399.00 | 85,355.00 |
| Total Business-Type Activities Expense | 377,032.90 | 299,078.03 | 311,379.99 | 302,202.48 | 315,596.70 | 290,524.44 | 300,735.52 | 315,913.00 | 315,220.00 | 322,212.00 |
| Total Government-Wide Expenses | \$ 16,210,579.55 | \$ 14,393,939.93 | \$ 14,074,154.88 | \$ 13,284,323.92 | \$ 12,726,411.04 | \$ 12,148,840.30 | \$ 12,265,110.13 | \$ 11,879,736.00 | \$ 11,991,896.00 | \$ 12,396,638.00 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services | \$ 91,532.84 | \$ 75,125.00 | \$ 164,803.78 | \$ 129,958.73 | \$ 87,815.55 | \$ 80,870.39 | \$ 1,324.00 | \$ 12,516.00 | | |
| Operating Grants and Contributions | 3,899,213.46 | 3,511,420.72 | 3,067,622.78 | 2,371,018.47 | 2,036,553.42 | 1,159,245.92 | 1,274,180.80 | 1,288,943.00 | 1,300,677.00 | 1,330,203.00 |
| Capital Grants and Contributions | | | | | 97,831.90 | | | | | |
| Total Governmental Activities Program Revenues | 3,990,746.30 | 3,586,545.72 | 3,232,426.56 | 2,500,977.20 | 2,222,200.87 | 1,240,116.31 | 1,275,504.80 | 1,301,459.00 | 1,300,677.00 | 1,330,203.00 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Food Service | 64,798.68 | 61,382.42 | 57,967.44 | 56,797.56 | 51,291.50 | 58,527.87 | 67,379.42 | 61,727.00 | 69,567.00 | 77,298.00 |
| Camp Clementon Community Education | 132,540.65 | 131,460.66 | 118,672.79 | 102,073.80 | 71,178.07 | 68,476.54 | 75,654.24 | 58,153.00 | 64,603.00 | 88,156.00 |
| Operating Grants and Contributions | 195,842.65 | 178,279.87 | 179,632.78 | 181,049.17 | 177,952.77 | 171,000.64 | 172,113.86 | 178,613.00 | 183,026.00 | 167,560.00 |
| Capital Grants and Contributions | | | | | | | | | | |
| Total Business-Type Activities Program Revenues | 393,181.98 | 371,122.95 | 356,273.01 | 339,920.53 | 300,422.34 | 298,005.05 | 315,147.52 | 298,493.00 | 317,196.00 | 333,014.00 |
| Total Government-Wide Program Revenues | \$ 4,383,928.28 | \$ 3,957,668.67 | \$ 3,588,699.57 | \$ 2,840,897.73 | \$ 2,522,623.21 | \$ 1,538,121.36 | \$ 1,590,652.32 | \$ 1,599,952.00 | \$ 1,617,873.00 | \$ 1,663,217.00 |
| Net (Expense) / Revenue: | | | | | | | | | | |
| Governmental Activities | \$ (11,842,800.35) | \$ (10,508,316.18) | \$ (10,530,348.33) | \$ (10,481,144.24) | \$ (10,188,613.47) | \$ (10,618,199.55) | \$ (10,688,869.81) | \$ (10,262,364.00) | \$ (10,375,999.00) | \$ (10,744,223.00) |
| Business-Type Activities | 16,149.08 | 72,044.92 | 44,893.02 | 37,718.05 | (15,174.36) | 7,480.61 | 14,412.00 | (17,420.00) | 1,976.00 | 10,802.00 |
| Total Government-Wide Net Expense | \$ (11,826,651.27) | \$ (10,436,271.26) | \$ (10,485,455.31) | \$ (10,443,426.19) | \$ (10,203,787.83) | \$ (10,610,718.94) | \$ (10,674,457.81) | \$ (10,279,784.00) | \$ (10,374,023.00) | \$ (10,733,421.00) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes, Levied for General Purposes | \$ 4,284,805.00 | \$ 4,200,789.00 | \$ 4,159,197.03 | \$ 4,118,079.04 | \$ 4,076,653.00 | \$ 3,997,359.00 | \$ 3,918,979.00 | \$ 3,842,137.00 | \$ 3,767,070.00 | \$ 3,622,183.00 |
| Property Taxes, Levied for Debt Service | | 456,409.00 | 446,537.01 | 432,389.00 | 445,380.01 | 328,678.00 | 335,512.00 | 289,880.00 | 330,079.00 | 328,214.00 |
| Federal and State Aid - Unrestricted | 6,597,777.53 | 6,462,178.70 | 6,497,913.76 | 6,450,408.88 | 6,518,714.99 | 6,431,998.98 | 6,303,600.34 | 6,522,811.00 | 6,222,122.00 | 6,294,023.00 |
| Federal and State Aid - Restricted | | | | | | 97,195.50 | 84,966.42 | | | 144,418.00 |
| Interest and Investment Earnings - Unrestricted | 28,076.68 | 12,283.79 | 6,276.89 | | 1.27 | 7,243.76 | 10,695.10 | 1,396.00 | 2,877.00 | 844.00 |
| Interest and Investment Earnings - Restricted | 9,557.96 | 1,368.14 | | | 1.15 | 1,352.37 | 1,163.76 | | | |
| Miscellaneous | 103,520.74 | 261,111.53 | 955,244.75 | 230,609.99 | 56,949.93 | 127,986.40 | 82,759.97 | 169,958.00 | 209,151.00 | 163,331.00 |
| Gain (Loss) on Disposal of Capital Assets | | | (599.00) | | (4,805.00) | | | (79,175.00) | | |
| Transfers | | 30,000.00 | | | | | | | | |
| Total Governmental Activities | 11,023,737.91 | 11,424,140.16 | 12,064,570.44 | 11,231,486.91 | 11,092,895.35 | 10,991,814.01 | 10,737,676.59 | 10,747,007.00 | 10,531,299.00 | 10,553,013.00 |

(Continued)

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|----------------------|------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|------------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 * | 2014 | 2013 | 2012 | 2011 | 2010 |
| General Revenues and Other Changes in Net Position (Cont'd): | | | | | | | | | | |
| Business-Type Activities: | | | | | | | | | | |
| Interest and Investment Earnings - Unrestricted Transfers | \$ 2,917.54 | \$ 228.72 | | | \$ 1.19 | \$ 222.97 | \$ 218.57 | \$ 278.00 | \$ 479.00 | \$ 217.00 |
| Total Business-Type Activities | <u>2,917.54</u> | <u>228.72</u> | <u>-</u> | <u>-</u> | <u>1.19</u> | <u>222.97</u> | <u>218.57</u> | <u>278.00</u> | <u>479.00</u> | <u>217.00</u> |
| Total Government-Wide | \$ 11,026,655.45 | \$ 11,424,368.88 | \$ 12,064,570.44 | \$ 11,231,486.91 | \$ 11,092,896.54 | \$ 10,992,036.98 | \$ 10,737,895.16 | \$ 10,747,285.00 | \$ 10,531,778.00 | \$ 10,553,230.00 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ (819,062.44) | \$ 915,823.98 | \$ 1,534,222.11 | \$ 750,342.67 | \$ 904,281.88 | \$ 373,614.46 | \$ 48,806.78 | \$ 484,643.00 | \$ 155,300.00 | \$ (191,210.00) |
| Business-Type Activities | <u>19,066.62</u> | <u>72,273.64</u> | <u>44,893.02</u> | <u>37,718.05</u> | <u>(15,173.17)</u> | <u>7,703.58</u> | <u>14,630.57</u> | <u>(17,142.00)</u> | <u>2,455.00</u> | <u>11,019.00</u> |
| Total Government-Wide | <u>\$ (799,995.82)</u> | <u>\$ 988,097.62</u> | <u>\$ 1,579,115.13</u> | <u>\$ 788,060.72</u> | <u>\$ 889,108.71</u> | <u>\$ 381,318.04</u> | <u>\$ 63,437.35</u> | <u>\$ 467,501.00</u> | <u>\$ 157,755.00</u> | <u>\$ (180,191.00)</u> |

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

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

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------------------|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| General Fund: | | | | | | | | | | |
| Restricted | \$ 2,305,364.66 | \$ 2,709,826.98 | \$ 3,427,861.19 | \$ 2,871,047.51 | \$ 2,426,498.09 | \$ 1,741,447.40 | \$ 1,686,744.27 | \$ 1,410,581.00 | \$ 824,913.00 | \$ 389,681.00 |
| Committed | | 557,823.88 | \$ 836,442.68 | | | | | | | |
| Assigned | 199,133.45 | 206,640.69 | 120,077.47 | 313,617.70 | 111,248.56 | 205,348.28 | 109,771.39 | 372,080.00 | 401,491.00 | 899,919.00 |
| Unassigned (Deficit) | <u>(373,921.50)</u> | <u>(316,811.40)</u> | <u>(300,499.10)</u> | <u>(325,882.70)</u> | <u>(288,099.70)</u> | <u>(340,671.00)</u> | <u>(341,800.43)</u> | <u>(316,459.90)</u> | <u>(181,792.00)</u> | <u>(337,284.00)</u> |
| Total General Fund | <u>\$ 2,130,576.61</u> | <u>\$ 3,157,480.15</u> | <u>\$ 4,083,882.24</u> | <u>\$ 2,858,782.51</u> | <u>\$ 2,249,646.95</u> | <u>\$ 1,606,124.68</u> | <u>\$ 1,454,715.23</u> | <u>\$ 1,466,201.10</u> | <u>\$ 1,044,612.00</u> | <u>\$ 952,316.00</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Restricted | | \$ 0.51 | \$ 0.51 | \$ 0.50 | \$ 13,450.90 | \$ 59,813.99 | \$ 9,760.37 | \$ 9,107.11 | \$ 51,918.00 | \$ 289,258.00 |
| Unassigned (Deficit) | <u>(6,212.50)</u> | <u>(10,491.60)</u> | <u>(1,830.98)</u> | <u>(9,617.30)</u> | <u>(8,824.30)</u> | <u>(5,985.99)</u> | <u>(6,216.49)</u> | <u></u> | <u>(12,541.00)</u> | <u>(9,304.00)</u> |
| Total All Other Governmental Funds | <u>\$ (6,212.50)</u> | <u>\$ (10,491.09)</u> | <u>\$ (1,830.47)</u> | <u>\$ (9,616.80)</u> | <u>\$ 4,626.60</u> | <u>\$ 53,828.00</u> | <u>\$ 3,543.88</u> | <u>\$ 9,107.11</u> | <u>\$ 39,377.00</u> | <u>\$ 279,954.00</u> |

Source: Comprehensive Annual Financial Report Exhibit B-1.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|------------------------|------------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Revenues: | | | | | | | | | | |
| Local Tax Levy | \$ 4,284,805.00 | \$ 4,657,198.00 | \$ 4,605,734.04 | \$ 4,550,468.04 | \$ 4,522,033.01 | \$ 4,326,037.00 | \$ 4,254,491.00 | \$ 4,132,017.00 | \$ 4,097,149.00 | \$ 3,950,397.00 |
| Tuition Charges | 91,532.84 | 75,125.00 | 164,803.78 | 129,958.73 | 87,815.55 | 80,870.39 | 1,324.00 | 12,516.00 | 85,115.00 | 99,547.00 |
| Interest Earned on Capital Reserve Funds | 9,557.96 | 1,368.14 | | | 1.15 | 1,352.37 | 1,163.76 | | | |
| Interest Earnings | | | | | | | | 1,396.00 | 2,877.00 | 844.00 |
| Textbook Sales and Rentals | | | | | | | 93,455.07 | | | |
| Unrestricted Miscellaneous Revenues | 131,597.42 | 273,395.32 | 961,521.64 | 230,609.99 | 61,756.20 | 135,230.16 | 428,749.49 | 169,958.00 | 124,036.00 | 63,784.00 |
| Federal Sources | 527,740.76 | 509,180.16 | 542,751.66 | 411,118.78 | 492,818.49 | 478,774.54 | 7,233,998.07 | 756,140.00 | 546,329.00 | 1,642,238.00 |
| State Sources | 7,877,749.74 | 7,635,662.26 | 7,460,515.88 | 7,350,083.57 | 7,366,521.82 | 7,209,665.86 | | 7,055,614.00 | 6,976,470.00 | 6,126,406.00 |
| Local Sources | 4,154.49 | | | | | | | | | |
| Total Revenue | 12,927,138.21 | 13,151,928.88 | 13,735,327.00 | 12,672,239.11 | 12,530,946.22 | 12,231,930.32 | 12,013,181.39 | 12,127,641.00 | 11,831,976.00 | 11,883,216.00 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 2,782,807.98 | 2,748,063.92 | 2,799,056.38 | 2,610,277.74 | 2,610,783.78 | 2,639,611.93 | 2,684,144.72 | 2,160,009.00 | 2,653,458.00 | 2,856,292.00 |
| Special Education Instruction | 730,938.95 | 632,035.47 | 717,919.36 | 751,033.10 | 719,759.08 | 650,525.95 | 636,778.17 | 1,172,550.00 | 660,020.00 | 733,156.00 |
| Other Special Instruction | 56,520.76 | 54,295.19 | 7,921.49 | 31,795.67 | 82,410.57 | 76,755.00 | 1,000.00 | | | |
| Other Instruction | 45,085.34 | 42,993.84 | 41,031.02 | 42,687.21 | 36,370.18 | 39,002.15 | 34,531.68 | 32,534.00 | 31,908.00 | 34,720.00 |
| Support Services and Undistributed Costs: | | | | | | | | | | |
| Tuition | 3,674,111.41 | 3,177,266.96 | 2,991,727.96 | 3,329,269.36 | 3,363,785.42 | 3,731,577.35 | 3,795,588.99 | 3,709,226.00 | 3,728,817.00 | 3,771,456.00 |
| Student and Instruction Related Services | 1,046,658.31 | 964,116.34 | 999,211.81 | 838,316.18 | 812,623.24 | 782,578.79 | 806,058.08 | 830,822.00 | 842,179.00 | 865,119.00 |
| Other Administrative Services | 333,941.73 | 332,759.14 | 430,645.45 | 303,593.97 | 284,690.15 | 254,212.17 | 308,725.07 | 436,235.00 | 446,815.00 | 476,800.00 |
| School Administrative Services | 337,712.15 | 339,011.02 | 316,392.21 | 337,621.25 | 375,503.91 | 355,526.98 | 353,764.89 | 134,652.00 | 144,735.00 | 182,101.00 |
| Plant Operations and Maintenance | 396,543.36 | 433,789.61 | 423,361.12 | 453,776.54 | 429,840.52 | 442,831.69 | 455,390.30 | 407,667.00 | 405,861.00 | 441,062.00 |
| Pupil Transportation | 1,003,319.45 | 602,152.19 | 669,000.31 | 572,523.78 | 432,337.03 | 575,282.42 | 442,717.23 | 321,146.00 | 382,306.00 | 398,386.00 |
| Personal Services - Employee Benefits | 2,840,783.89 | 2,469,206.41 | 2,267,521.07 | 2,228,510.35 | 2,100,538.47 | 1,942,363.16 | 2,017,492.46 | 2,016,030.00 | 1,915,406.00 | 1,824,939.00 |
| Capital Outlay | 472,159.30 | 1,714,643.50 | 226,542.76 | 82,935.30 | 183,234.00 | 85,108.00 | 45,693.16 | 37,473.00 | 319,457.00 | 465,939.00 |
| Transfer of Funds to Charter Schools | 229,180.53 | 150,249.00 | 165,573.00 | 51,507.00 | 59,369.00 | 19,386.00 | 34,141.00 | 32,686.00 | | |
| Debt Service: | | | | | | | | | | |
| Principal | | 449,000.00 | 432,000.00 | 422,000.00 | 417,000.00 | 393,000.00 | 345,000.00 | 330,000.00 | 320,000.00 | 310,000.00 |
| Interest and Other Charges | | 7,409.00 | 14,537.00 | 21,499.50 | 23,380.00 | 42,475.16 | 100,857.50 | 115,292.00 | 129,295.00 | 142,878.00 |
| Total Expenditures | 13,949,763.16 | 14,116,991.59 | 12,502,440.94 | 12,077,346.95 | 11,931,625.35 | 12,030,236.75 | 12,061,883.25 | 11,736,322.00 | 11,980,257.00 | 12,502,848.00 |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | (1,022,624.95) | (965,062.71) | 1,232,886.06 | 594,892.16 | 599,320.87 | 201,693.57 | (48,701.86) | 391,319.00 | (148,281.00) | (619,632.00) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| State Aid Cancelled | | | | | | | | | | |
| Proceeds of Refunding Bonds | | | | | | | 1,753,000.00 | | | |
| Payment to Refunded Bond Escrow Agent | | | | | | | (1,721,347.24) | | | |
| Transfers In | | 30,000.00 | | (2,339.90) | | 66,708.00 | | 9,126.00 | 570.00 | 145,996.00 |
| Transfers Outs | | | | 2,339.90 | | (66,708.00) | | (9,126.00) | (570.00) | (145,996.00) |
| Total Other Financing Sources (Uses) | - | 30,000.00 | - | - | - | - | 31,652.76 | - | - | - |
| Net Change in Fund Balances | \$ (1,022,624.95) | \$ (935,062.71) | \$ 1,232,886.06 | \$ 594,892.16 | \$ 599,320.87 | \$ 201,693.57 | \$ (17,049.10) | \$ 391,319.00 | \$ (148,281.00) | \$ (619,632.00) |
| Debt Service as a Percentage of | | | | | | | | | | |
| Noncapital Expenditures | - | 3.7% | 3.6% | 3.7% | 3.7% | 3.6% | 3.7% | 3.8% | 3.9% | 3.8% |

Source: Comprehensive Annual Financial Report Exhibit B-2.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|-------------------------------------|----------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| | <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> |
| Book Fine | | | | | \$ 109.00 | | | | | |
| Cancellation of Accrued Wages | | | | \$ 139,001.24 | | | | | | |
| Dissolution Asset Settlement | | | | | | | | | | |
| E-Rate Reimbursements | \$ 12,992.10 | \$ 14,858.31 | \$ 56,536.68 | 25,175.69 | 12,368.09 | \$ 15,590.62 | \$ 21,053.94 | \$ 21,450.00 | \$ 3,977.00 | |
| Endowment Donation | | | 840,442.68 | | | | | | | |
| Insurance Reimbursements / Surplus | | | | | 7,227.00 | | 6,170.00 | | | |
| Interest on Investments | 3,404.38 | 12,283.79 | 6,276.89 | | 1.27 | 7,243.76 | 10,695.10 | 15,816.00 | 21,807.00 | \$ 9,242.00 |
| Miscellaneous | 16,360.61 | 3,529.31 | 33.60 | 927.09 | 225.50 | 1,818.79 | 3,231.08 | 13,412.00 | 4,342.00 | |
| Refunds | | 3,990.17 | 1,527.00 | 10,216.10 | 9,981.44 | 1,829.08 | 6,494.28 | 35,001.00 | 50,547.00 | 5,278.00 |
| Rent | 24,000.00 | | | | | | 4,400.00 | | | |
| Refund of Prior Year's Expenditures | 7,960.94 | 218,971.49 | 32,809.07 | 10,086.54 | 5,000.00 | 36,173.81 | 14,370.67 | | | |
| Solar Renewable Energy Credits | 26,872.81 | 19,762.25 | 23,895.72 | 37,061.68 | 22,038.90 | 26,462.50 | 27,040.00 | 85,675.00 | 46,240.00 | 50,108.00 |
| Tuition | | | | 8,141.65 | | 46,111.60 | | 12,516.00 | 85,115.00 | 99,547.00 |
| | <u>\$ 91,590.84</u> | <u>\$ 273,395.32</u> | <u>\$ 961,521.64</u> | <u>\$ 230,609.99</u> | <u>\$ 56,951.20</u> | <u>\$ 135,230.16</u> | <u>\$ 93,455.07</u> | <u>\$ 183,870.00</u> | <u>\$ 212,028.00</u> | <u>\$ 164,175.00</u> |

Source: School District records.

REVENUE CAPACITY INFORMATION

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

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

| Year Ended Dec. 31 | Vacant Land | Residential | Farm | Qfarm | Commercial | Apartment | Total Assessed Value | Public Utilities ⁽¹⁾ | Net Valuation Taxable | Tax-Exempt Property | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate ⁽²⁾ |
|-----------------------|-----------------|-------------------|---------------|-------------|------------------|------------------|----------------------|---------------------------------|-----------------------|---------------------|---|---|
| 2019 | \$ 4,119,300.00 | \$ 195,228,760.00 | \$ 160,600.00 | \$ 6,300.00 | \$ 33,984,900.00 | \$ 15,709,300.00 | \$ 249,209,160.00 | - | \$ 249,209,160.00 | \$ 31,058,100.00 | \$ 253,419,658.00 | \$ 1.737 |
| 2018 | 4,385,900.00 | 194,608,100.00 | 160,600.00 | 6,300.00 | 33,734,900.00 | 15,709,300.00 | 248,605,100.00 | - | 248,605,100.00 | 31,147,100.00 | \$ 250,906,664.00 | \$ 1.798 |
| 2017 | 5,410,700.00 | 216,159,900.00 | 179,500.00 | 6,000.00 | 36,902,600.00 | 14,435,000.00 | 273,093,700.00 | - | 273,093,700.00 | 40,491,100.00 | 248,107,958.00 | 1.695 |
| 2016 | 5,307,700.00 | 218,920,200.00 | 179,500.00 | 6,000.00 | 41,833,000.00 | 14,435,000.00 | 280,681,400.00 | - | 280,681,400.00 | 37,170,200.00 | 259,589,006.00 | 1.631 |
| 2015 | 4,691,700.00 | 219,444,600.00 | 179,500.00 | 6,000.00 | 41,939,500.00 | 14,435,000.00 | 280,696,300.00 | - | 280,696,300.00 | 37,092,300.00 | 238,590,125.00 | 1.616 |
| 2014 | 4,922,100.00 | 223,676,400.00 | 179,500.00 | 6,000.00 | 42,682,500.00 | 14,619,800.00 | 286,086,300.00 | - | 286,086,300.00 | 37,099,100.00 | 269,191,207.76 | 1.546 |
| 2013 | 4,505,400.00 | 224,319,000.00 | 179,500.00 | 6,000.00 | 44,053,800.00 | 14,619,800.00 | 287,683,500.00 | \$ 495,251.00 | 288,178,751.00 | 38,090,800.00 | 281,392,416.00 | 1.488 |
| 2012 | 4,490,900.00 | 225,130,300.00 | 179,500.00 | 6,000.00 | 44,091,900.00 | 14,619,800.00 | 288,518,400.00 | 530,077.00 | 289,048,477.00 | 37,487,500.00 | 278,685,548.00 | 1.450 |
| 2011 ⁽¹⁾ | 4,478,000.00 | 225,381,800.00 | 179,500.00 | 6,000.00 | 44,198,200.00 | 14,619,800.00 | 288,863,300.00 | 552,147.00 | 289,415,447.00 | 37,683,100.00 | 291,064,564.00 | 1.421 |
| 2010 | 3,054,000.00 | 136,021,730.00 | 103,100.00 | 3,600.00 | 25,652,300.00 | 7,536,100.00 | 172,370,830.00 | 392,444.00 | 172,763,274.00 | 25,792,800.00 | 297,371,722.00 | 2.329 |

⁽¹⁾ revaluation

⁽¹⁾ taxable value of communication equipment.

⁽²⁾ tax rates are per \$100.00 of assessed valuation.

Source: Camden County Board of Taxation.

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

| Year Ended <u>Dec. 31</u> | <u>School District Direct Rate</u> | | | <u>Overlapping Rates</u> | | <u>Total Direct and Overlapping Tax Rate</u> |
|---------------------------------|------------------------------------|--|---|---------------------------------|--------------------------|--|
| | <u>Basic Rate</u> | <u>General Obligation Debt Service</u> | <u>Total Direct School Tax Rate</u> | <u>Borough of Clementon</u> | <u>Camden County</u> | |
| 2019 | \$ 1.718 | \$ - | \$ 1.718 | \$ 1.605 | \$ 0.809 | \$ 4.132 |
| 2018 | 1.706 | 0.092 | 1.798 | 1.597 | 0.901 | 4.296 |
| 2017 | 1.531 | 0.165 | 1.696 | 1.408 | 0.775 | 3.879 |
| 2016 | 1.474 | 0.157 | 1.631 | 1.292 | 0.814 | 3.737 |
| 2015 | 1.460 | 0.156 | 1.616 | 1.279 | 0.745 | 3.640 |
| 2014 | 1.411 | 0.135 | 1.545 | 1.263 | 0.803 | 3.611 |
| 2013 | 1.374 | 0.115 | 1.488 | 1.194 | 0.814 | 3.496 |
| 2012 | 1.343 | 0.107 | 1.450 | 1.152 | 0.744 | 3.346 |
| 2011 ⁽¹⁾ | 1.315 | 0.107 | 1.422 | 1.101 | 0.717 | 3.240 |
| 2010 | 2.139 | 0.191 | 2.329 | 1.724 | 1.121 | 5.174 |

⁽¹⁾ revaluation

Source: Municipal Tax Collector.

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

| <u>Taxpayer</u> | 2019 | | | 2010 ⁽¹⁾ | | |
|--------------------------------------|-------------------------------|-------------|---|-------------------------------|-------------|---|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> |
| Silver Lake Manor LLC | \$ 7,277,800.00 | 1 | 2.92% | | | |
| Clementon Lake Holding LLC | 4,330,900.00 | 2 | 1.74% | | | |
| Chestnut Arm Realty LLC | 4,261,200.00 | 3 | 1.71% | | | |
| Medici LLC | 3,264,600.00 | 4 | 1.31% | | | |
| First Northern Star | 2,100,600.00 | 5 | 0.84% | | | |
| Daniel G. Kamin White Horse Pike LLC | 1,865,100.00 | 6 | 0.75% | | | |
| Clementon Equities LLC | 1,860,500.00 | 7 | 0.75% | | | |
| Three-B Sac Self Storage Limited | 1,736,000.00 | 8 | 0.70% | | | |
| Clementon Norse LLC | 1,600,100.00 | 9 | 0.64% | | | |
| Mt. Carmel Land Co. | 612,000.00 | 10 | 0.25% | | | |
| Total | \$ 28,908,800.00 | | 11.60% | \$ - | | |

Source: Municipal Tax Assessor.

⁽¹⁾ 2010 Data Unavailable

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

| Fiscal Year Ended <u>June 30.</u> | School District Taxes Levied for the <u>Fiscal Year</u> | Collected within the Fiscal Year of the <u>the Levy</u> ⁽¹⁾ | | <u>Collections in Subsequent Years</u> |
|---|--|---|-------------------------------|--|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | |
| 2019 | \$ 4,284,805.00 | \$ 4,284,805.00 | 100.00% | |
| 2018 | 4,657,198.00 | 4,657,198.00 | 100.00% | |
| 2017 | 4,605,734.04 | 4,605,734.04 | 100.00% | |
| 2016 | 4,550,468.04 | 4,550,468.04 | 100.00% | |
| 2015 | 4,522,033.01 | 4,522,033.01 | 100.00% | |
| 2014 | 4,326,037.00 | 3,965,533.88 | 91.67% | \$ 360,503.12 |
| 2013 | 4,254,491.00 | 3,899,950.09 | 91.67% | 354,540.91 |
| 2012 | 4,132,017.00 | 3,443,347.50 | 83.33% | 688,669.50 |
| 2011 | 4,097,149.00 | 4,097,149.00 | 100.00% | |
| 2010 | 3,950,397.00 | 3,950,397.00 | 100.00% | |

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

Source: School District records.

DEBT CAPACITY INFORMATION

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

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

| Fiscal Year Ended <u>June 30.</u> | <u>Governmental Activities</u> | | Total <u>School District</u> | Percentage of Personal <u>Income</u> ⁽³⁾ | <u>Per Capita</u> ⁽⁴⁾ |
|---|--|---|---------------------------------|---|----------------------------------|
| | General Obligation <u>Bonds</u> ⁽¹⁾ | Business-Type <u>Activities</u> ⁽²⁾ | | | |
| 2019 | - | - | - | * | * |
| 2018 | - | - | - | * | - |
| 2017 | \$ 449,000.00 | - | \$ 449,000.00 | 0.18% | \$ 91.37 |
| 2016 | 881,000.00 | - | 881,000.00 | 0.36% | 180.02 |
| 2015 | 1,303,000.00 | - | 1,303,000.00 | 0.55% | 266.35 |
| 2014 | 1,720,000.00 | - | 1,720,000.00 | 0.75% | 350.88 |
| 2013 | 2,113,000.00 | - | 2,113,000.00 | 0.95% | 429.21 |
| 2012 | 2,358,000.00 | - | 2,358,000.00 | 1.07% | 476.46 |
| 2011 | 2,688,000.00 | - | 2,688,000.00 | 1.24% | 542.37 |
| 2010 | 3,008,000.00 | - | 3,008,000.00 | 1.45% | 605.48 |

Sources:

⁽¹⁾ School District records.

⁽²⁾ No outstanding debt exists for business-type activities.

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

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

* information not available.

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

| Fiscal Year Ended <u>June 30,</u> | General Bonded Debt Outstanding | | | Percentage of Net Assessed Valuation <u>Taxable</u> ⁽²⁾ | <u>Per Capita</u> ⁽³⁾ |
|---|---------------------------------------|-------------------|--|---|----------------------------------|
| | General Obligation <u>Bonds</u> | <u>Deductions</u> | Net General Bonded Debt Outstanding ⁽¹⁾ | | |
| 2019 | - | - | - | - | * |
| 2018 | - | - | \$ - | - | \$ - |
| 2017 | \$ 449,000.00 | - | 449,000.00 | 0.16% | 91.37 |
| 2016 | 881,000.00 | - | 881,000.00 | 0.31% | 180.02 |
| 2015 | 1,303,000.00 | - | 1,303,000.00 | 0.46% | 266.35 |
| 2014 | 1,720,000.00 | - | 1,720,000.00 | 0.60% | 350.88 |
| 2013 | 2,113,000.00 | - | 2,113,000.00 | 0.73% | 429.21 |
| 2012 | 2,358,000.00 | - | 2,358,000.00 | 0.82% | 476.46 |
| 2011 | 2,688,000.00 | - | 2,688,000.00 | 0.93% | 542.37 |
| 2010 | 3,008,000.00 | - | 3,008,000.00 | 1.74% | 605.48 |

Sources:

⁽¹⁾ *School District records.*

⁽²⁾ *Net Assessed Valuation provided by Abstract of Retables, County Board of Taxation.*

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

** information not available.*

CLEMENTON SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 June 30, 2019
Unaudited

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Statutory Net Debt Outstanding</u> | <u>Net Debt Outstanding Allocated to Clementon Borough</u> |
|---|--------------------------|-------------------------------|---|--|
| Municipal Debt: ⁽¹⁾ | | | | |
| Clementon School District | \$ - | \$ - | | |
| Self-Liquidating Purposes | 2,738,683.09 | 2,738,683.09 | | |
| Municipal / County General Obligations | 4,060,365.72 | 172,618.61 | \$ 3,887,747.11 | \$ 3,887,747.11 |
| | <u>6,799,048.81</u> | <u>2,911,301.70</u> | <u>3,887,747.11</u> | <u>3,887,747.11</u> |
| Overlapping Debt Apportioned to the Municipality: | | | | |
| County of Camden: ⁽²⁾ | | | | |
| General: | | | | |
| Bonds | 36,870,000.00 | 4,597,984.00 ⁽³⁾ | 32,272,016.00 | 211,421.38 ⁽⁵⁾ |
| Notes | 35,461,125.00 | | 35,461,125.00 | 232,313.96 |
| Loan Agreements | 308,746,532.00 | | 308,746,532.00 | 2,022,669.32 ⁽⁵⁾ |
| Bonds Issued by Other Public Bodies | | | | |
| Guaranteed by the County | 265,004,205.00 | 265,004,205.00 ⁽⁴⁾ | | |
| | <u>646,081,862.00</u> | <u>269,602,189.00</u> | <u>376,479,673.00</u> | <u>2,466,404.65</u> |
| | <u>\$ 652,880,910.81</u> | <u>\$ 272,513,490.70</u> | <u>\$ 380,367,420.11</u> | <u>\$ 6,354,151.76</u> |

Sources:

⁽¹⁾ 2017 Annual Debt Statement - Clementon Borough

⁽²⁾ County of Camden

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

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

⁽⁵⁾ Such debt is allocated as a proportion of the Borough's share of the total 2018 Equalized Value, which is .66%.
 The source for this computation was the 2018 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Calendar Year 2018:

Equalized Valuation Basis: ⁽¹⁾

| | |
|------|-----------------------|
| 2018 | \$ 253,987,331.00 |
| 2017 | 250,751,722.00 |
| 2016 | <u>253,987,331.00</u> |

[A] \$ 758,726,384.00

Average equalized valuation of taxable property [A/3] \$ 252,908,794.67

Debt limit (4% of average equalization value) ⁽²⁾ [B] \$ 10,116,351.79

Total Net Debt Applicable to Limit [C] -

Legal Debt Margin [B-C] \$ 10,116,351.79

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <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 | \$ 10,116,351.79 | \$ 10,179,588.88 | \$ 9,616,208.71 | \$ 9,393,048.25 | \$ 8,846,081.72 | \$ 9,314,712.49 | \$ 9,188,457.77 | \$ 8,623,877.00 | \$ 8,743,937.00 | \$ 8,679,209.00 |
| Total net debt applicable to limit ⁽³⁾ | - | - | 449,000.00 | 881,000.00 | 1,303,000.00 | 1,720,000.00 | 2,113,000.00 | 2,358,000.00 | 2,688,000.00 | 3,008,000.00 |
| Legal debt margin | <u>\$ 10,116,351.79</u> | <u>\$ 10,179,588.88</u> | <u>\$ 9,167,208.71</u> | <u>\$ 8,512,048.25</u> | <u>\$ 7,543,081.72</u> | <u>\$ 7,594,712.49</u> | <u>\$ 7,075,457.77</u> | <u>\$ 6,265,877.00</u> | <u>\$ 6,055,937.00</u> | <u>\$ 5,671,209.00</u> |
| Total net debt applicable to the limit as a percentage of debt limit | - | - | 4.67% | 9.38% | 14.73% | 18.47% | 23.00% | 27.34% | 30.74% | 34.66% |

Sources:

⁽¹⁾ 2017 Annual Debt Statement - Clementon Borough

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

⁽³⁾ School District records.

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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

| Fiscal Year Ended <u>June 30,</u> | <u>Population</u> ⁽¹⁾ | <u>Personal Income</u> ⁽²⁾ | <u>Per Capita Personal Income</u> ⁽³⁾ | <u>Unemployment Rate</u> ⁽⁴⁾ |
|---|----------------------------------|---|--|---|
| 2018 | 4,945 | * | * | 5.4% |
| 2017 | 4,914 | \$ 254,928,492.00 | \$ 51,878.00 | 5.7% |
| 2016 | 4,894 | 243,897,384.00 | 49,836.00 | 6.2% |
| 2015 | 4,892 | 237,941,988.00 | 48,639.00 | 8.8% |
| 2014 | 4,902 | 228,751,830.00 | 46,665.00 | 10.3% |
| 2013 | 4,923 | 221,928,840.00 | 45,080.00 | 9.0% |
| 2012 | 4,949 | 220,230,500.00 | 44,500.00 | 17.3% |
| 2011 | 4,956 | 216,829,956.00 | 43,751.00 | 17.1% |
| 2010 | 4,968 | 207,831,312.00 | 41,834.00 | 17.4% |
| 2009 | 4,895 | 201,478,200.00 | 41,160.00 | 16.6% |

Sources:

- ⁽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.*
- ⁽³⁾ *Per Capita personal income by municipality-estimated based upon the 2010/2000 Census published by the US Bureau of Economic Analysis.*
- ⁽⁴⁾ *Unemployment data provided by the NJ Dept. of Labor and Workforce Development*
- * information not available.*

CLEMENTON SCHOOL DISTRICT
Principal Non-Governmental 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</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of</u> |
| The Cooper Health System | 7,000 | 1 | 34.73% | 3,100 | 1 | 22.46% |
| Virtua Health System | 2,500 | 2 | 12.40% | 2,600 | 2 | 18.84% |
| Our Lady of Lourdes Medical Center | 2,000 | 4 | 9.92% | 2,400 | 3 | 17.39% |
| Kennedy Health System | | | | 1,600 | 4 | 11.59% |
| Campbell Soup Company | 2,300 | 3 | 11.41% | 1,500 | 5 | 10.87% |
| Bancroft NeuroHealth | | | | 1,000 | 6 | 7.25% |
| L-3 Communications Systems East | | | | 900 | 7 | 6.52% |
| CIGNA | | | | 700 | 8 | 5.07% |
| American Water | 2,000 | 5 | 9.92% | | | |
| TD Bank | 1,300 | 6 | 6.45% | | | |
| Jefferson Health System | 1,256 | 7 | 6.23% | | | |
| Aluminum Shapes | 1,000 | 8 | 4.96% | | | |
| Lockheed Martin | 800 | 9 | 3.97% | | | |
| J&J Snack Foods Corp | | | | | | |
| United State Parcel Service | | | | | | |
| | 20,156 | | 100.00% | 13,800 | | 100.00% |

Source: Individual Employers

OPERATING INFORMATION

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

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

| <u>Function / Program</u> | <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> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 51 | 53 | 53 | 52 | 49 | 48 | 49 | 49 | 50 | 52 |
| Support Services: | | | | | | | | | | |
| Student and Instruction Related Services | 12 | 11 | 11 | 11 | 15 | 17 | 18 | 18 | 18 | 15 |
| School Administrative Services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| General and Business Administrative Services | 4 | 5 | 5 | 6 | 6 | 6 | 5 | 5 | 6 | 6 |
| Plant Operations and Maintenance | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 3 | 4 |
| Camp Clementon Community Education | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 8 | 12 | 12 |
| Total | <u>80</u> | <u>82</u> | <u>82</u> | <u>81</u> | <u>83</u> | <u>84</u> | <u>85</u> | <u>87</u> | <u>92</u> | <u>92</u> |

Source: School District records.

CLEMENTON SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

| <u>Fiscal Year Ended June 30.</u> | <u>Enrollment</u> | <u>Operating Expenditures *</u> | <u>Cost Per Pupil</u> | <u>Percentage Change</u> | <u>Teaching Staff (Certified)</u> | <u>Pupil / Teacher Ratio Elementary</u> | <u>Average Daily Enrollment (ADE)</u> | <u>Average Daily Attendance (ADA)</u> | <u>% Change in Average Daily Enrollment</u> | <u>Student Attendance Percentage</u> |
|-----------------------------------|-------------------|---------------------------------|-----------------------|--------------------------|-----------------------------------|---|---------------------------------------|---------------------------------------|---|--------------------------------------|
| 2019 | 485 | \$ 13,248,423.33 | \$ 27,316.34 | 3.05% | 51 | 1:09 | 484.9 | 445.9 | 8.78% | 91.96% |
| 2018 | 445 | 11,795,690.09 | 26,507.17 | 1.13% | 51 | 1:09 | 445.8 | 423.8 | -0.01% | 95.07% |
| 2017 | 445 | 11,663,788.18 | 26,210.76 | 5.99% | 51 | 1:09 | 445.8 | 423.8 | -4.03% | 95.07% |
| 2016 | 465 | 11,499,405.15 | 24,729.90 | -4.37% | 50 | 1:07 | 464.5 | 438.2 | 7.20% | 94.34% |
| 2015 | 435 | 11,248,642.35 | 25,858.95 | 2.85% | 49 | 1:12 | 433.3 | 409.2 | -4.12% | 94.44% |
| 2014 | 457 | 11,490,267.59 | 25,142.82 | 2.00% | 48 | 1:04 | 451.9 | 441.4 | -1.20% | 97.68% |
| 2013 | 468 | 11,536,191.59 | 24,649.98 | 3.03% | 49 | 1:04 | 457.4 | 449.9 | 0.29% | 98.36% |
| 2012 | 469 | 11,220,871.00 | 23,925.10 | 6.49% | 49 | 1:04 | 456.1 | 443.1 | -6.02% | 97.15% |
| 2011 | 499 | 11,211,505.00 | 22,467.95 | -3.80% | 52 | 1:05 | 485.3 | 468.9 | -4.56% | 96.62% |
| 2010 | 496 | 11,584,031.00 | 23,354.90 | 5.27% | 51 | 1:03 | 508.5 | 477.7 | -3.57% | 93.94% |

Sources: School District records.

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

CLEMENTON SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

| | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------------------|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <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> |
| School District Building: | | | | | | | | | | |
| Elementary: | | | | | | | | | | |
| Clementon Elementary School (1980) | | | | | | | | | | |
| Square Feet | 79,937 | 79,937 | 79,937 | 79,937 | 79,937 | 79,937 | 79,937 | 79,937 | 79,937 | 79,937 |
| Functional Capacity (students) | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 | 700 |
| Enrollment | 485 | 445 | 445 | 435 | 435 | 457 | 468 | 469 | 499 | 496 |
| Other: | | | | | | | | | | |
| Central Administration (1946) | | | | | | | | | | |
| Square Feet | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 |
| Functional Capacity (students) | - | - | - | - | - | - | - | - | - | - |
| Enrollment | - | - | - | - | - | - | - | - | - | - |

Number of Schools at June 30, 2019
 Elementary = 1

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

Source: School District records.

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

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

| | | Fiscal Year Ended June 30, | | | | | | | | | |
|-----------------------------|----------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | | <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> |
| * <u>School Facilities</u> | <u>Project # (s)</u> | | | | | | | | | | |
| Clementon Elementary School | N/A | <u>\$ 36,438.44</u> | <u>\$ 21,712.42</u> | <u>\$ 27,637.43</u> | <u>\$ 40,700.66</u> | <u>\$ 44,813.06</u> | <u>\$ 61,746.64</u> | <u>\$ 32,044.00</u> | <u>\$ 30,919.00</u> | <u>\$ 28,849.00</u> | <u>\$ 106,239.00</u> |
| Total School Facilities | | <u>\$ 36,438.44</u> | <u>\$ 21,712.42</u> | <u>\$ 27,637.43</u> | <u>\$ 40,700.66</u> | <u>\$ 44,813.06</u> | <u>\$ 61,746.64</u> | <u>\$ 32,044.00</u> | <u>\$ 30,919.00</u> | <u>\$ 28,849.00</u> | <u>\$ 106,239.00</u> |

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

Source: School District records.

CLEMENTON SCHOOL DISTRICT
 Insurance Schedule
 June 30, 2019
Unaudited

| | <u>Coverage</u> | <u>Self-Insured Retention</u> | <u>Deductible</u> |
|--|-------------------|-------------------------------|-------------------|
| School Package Policy ⁽¹⁾ | | | |
| Building and Contents (All Locations): | | | |
| Limits of Liability per Occurrence | \$ 175,000,000.00 | \$ 250,000.00 | \$ 500.00 |
| General and Automobile Liability | 20,000,000.00 | 250,000.00 | |
| Workers' Compensation | Statutory | 250,000.00 | |
| Boiler and Machinery | 125,000,000.00 | | 1,000.00 |
| Crime | 500,000.00 | 250,000.00 | 500.00 |
| Educators Legal Liability | 20,000,000.00 | 175,000.00 | |
| Pollution Liability | 3,000,000.00 | | 25,000.00 |
| Cyber Liability | 1,000,000.00 | | 25,000.00 |
| Violent Malicious Acts | 1,000,000.00 | | 15,000.00 |
| Disaster Management Services | 2,000,000.00 | | 15,000.00 |
| Surety Bonds ⁽²⁾ | | | |
| Treasurer | 300,000.00 | | |
| Board Secretary | 200,000.00 | | |

⁽¹⁾ Burlington County Insurance Pool Joint Insurance Fund

⁽²⁾ Selective Insurance Company

Source: School District records.

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on State Aid – Public Cluster

As described in the accompanying *Schedule of Findings and Questioned Costs* and in the *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the Clementon School District, in the County of Camden, State of New Jersey, regarding GMIS numbers 495-034-5120-078, 495-034-5120-089, and 495-034-5120-084, all of which are part of the State Aid – Public Cluster, described in *Finding No. 2019-002 and Finding No. 2019-003 for Eligibility and Special Tests and Provisions*, consequently we were unable to determine whether the Clementon School District complied with those requirements applicable to that program.

Qualified Opinion on State Aid – Public Cluster

In our opinion, except for the possible effects of the matter described in the “*Basis for Qualified Opinion on State Aid – Public Cluster*” paragraph, the Clementon School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on *State Aid – Public Cluster* for the fiscal year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an other instance of noncompliance, which is required to be reported in accordance with New Jersey Circular 15-08-OMB and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as *Finding No. 2019-004*. Our opinion on the state program is not modified with respect to this matter.

The Clementon School District's, in the County of Camden, State of New Jersey, response to the noncompliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The Clementon School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

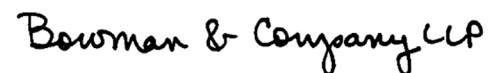
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding No. 2019-002 and Finding No. 2019-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding No. 2019-004 to be a significant deficiency.

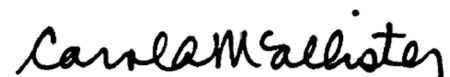
The Clementon School District's, in the County of Camden, State of New Jersey, response to the internal control over compliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The Clementon School District's response was not subjected to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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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



Carol A. McAllister
Certified Public Accountant
Public School Accountant No. CS 238400

Voorhees, New Jersey
December 20, 2019

CLEMENTON SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2019

| Federal Grantor / Pass-through Grantor / Program or Cluster Title | Federal CFDA Number | Federal FAIN Number | Pass-Through Entity Identifying Number | Program or Award Amount | Grant Period | | Balance June 30, 2018 | Carryover / (Walkover) Amount |
|--|---------------------------|---------------------------|--|-------------------------------|--------------|----------|--------------------------|-------------------------------------|
| | | | | | From | To | | |
| General Fund: | | | | | | | | |
| U.S. Department of Health and Human Services: Passed-through State Department of Education: | | | | | | | | |
| Medical Assistance Program (Medicaid) Cluster | 93.778 | 1905NJ5MAP | Unknown | \$ 18,206.63 | 07/01/18 | 06/30/19 | \$ - | \$ - |
| Total Medical Assistance Program (Medicaid) Cluster | | | | | | | - | - |
| Total General Fund | | | | | | | | |
| Special Revenue Fund: | | | | | | | | |
| U.S. Department of Education: Passed-through State Department of Education: E.S.S.A.: | | | | | | | | |
| Title I Grants to Local Educational Agencies (Title I Reallocation) | 84.010 | S010A180030 | ESSA/NCLB088019 | 14,720.00 | 02/01/19 | 09/30/19 | | |
| Title I Grants to Local Educational Agencies | 84.010 | S010A170030 | ESSA/NCLB088018 | 316,464.00 | 07/01/17 | 06/30/18 | (6,367.64) | |
| Title I Grants to Local Educational Agencies | 84.010 | S010A180030 | ESSA/NCLB088019 | 332,346.00 | 07/01/18 | 06/30/19 | | |
| Total Title I Grants to Local Educational Agencies | | | | | | | (6,367.64) | - |
| Supporting Effective Instruction State Grants | 84.367 | S367A170029 | ESSA/NCLB088018 | 34,066.00 | 07/01/17 | 06/30/18 | (7,655.31) | |
| Supporting Effective Instruction State Grants | 84.367 | S367A180029 | ESSA/NCLB088019 | 26,573.00 | 07/01/18 | 06/30/19 | | |
| Total Supporting Effective Instruction State Grants | | | | | | | (7,655.31) | - |
| Title IV – Student Support and Academic Enrichment | 84.424 | S424A170031 | ESSA/NCLB088018 | 10,000.00 | 07/01/17 | 06/30/18 | (849.38) | |
| Title IV – Student Support and Academic Enrichment | 84.424 | S424A180031 | ESSA/NCLB088019 | 19,977.00 | 07/01/18 | 06/30/19 | | |
| Total Title IV – Student Support and Academic Enrichment | | | | | | | (849.38) | - |
| Special Education Cluster (IDEA): | | | | | | | | |
| Special Education Grants to States | 84.027 | H027A170030 | FT088018 | 129,289.00 | 07/01/17 | 06/30/18 | (19,005.00) | |
| Special Education Grants to States | 84.027 | H027A180030 | FT088019 | 120,780.00 | 07/01/18 | 06/30/19 | | |
| Special Education Preschool Grants | 84.173 | H173A180030 | PS088019 | 3,119.00 | 07/01/18 | 06/30/19 | | |
| Total Special Education Cluster (IDEA) | | | | | | | (19,005.00) | - |
| Total Special Revenue Fund | | | | | | | | |
| | | | | | | | | |
| Enterprise Fund: | | | | | | | | |
| U.S. Department of Agriculture: Passed-through State Department of Agriculture: | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | |
| School Breakfast Program (SBP) | 10.553 | 181NJ304N1099 | Unknown | 27,038.86 | 07/01/17 | 06/30/18 | (2,047.79) | |
| School Breakfast Program (SBP) | 10.553 | 191NJ304N1099 | Unknown | 28,291.34 | 07/01/18 | 06/30/19 | | |
| National School Lunch Program - Commodities (Noncash) | 10.555 | 18NJ304N1099 | Unknown | 12,257.14 | 07/01/17 | 06/30/18 | 5,256.59 | |
| National School Lunch Program - Commodities (Noncash) | 10.555 | 191NJ304N1099 | Unknown | 11,036.45 | 07/01/18 | 06/30/19 | | |
| National School Lunch Program (NSLP) | 10.555 | 181NJ304N1099 | Unknown | 125,574.70 | 07/01/17 | 06/30/18 | (9,588.38) | |
| National School Lunch Program (NSLP) | 10.555 | 191NJ304N1099 | Unknown | 140,794.06 | 07/01/18 | 06/30/19 | | |
| Snacks | 10.555 | 181NJ304N1099 | Unknown | 7,927.04 | 07/01/17 | 06/30/18 | (596.64) | |
| Snacks | 10.555 | 191NJ304N1099 | Unknown | 8,498.49 | 07/01/18 | 06/30/19 | | |
| HHFKA - Performance Based | 10.555 | 181NJ304N1099 | Unknown | 2,995.08 | 07/01/17 | 06/30/18 | (222.84) | |
| HHFKA - Performance Based | 10.555 | 191NJ304N1099 | Unknown | 3,175.32 | 07/01/18 | 06/30/19 | | |
| Total Child Nutrition Cluster | | | | | | | (7,199.06) | - |
| Total Enterprise Fund | | | | | | | | |
| | | | | | | | | |
| Total Federal Financial Assistance | | | | | | | | |
| | | | | | | | \$ (41,076.39) | \$ - |

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

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

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

| Cash <u>Received</u> | Budgetary Expenditures | | | Passed- Through to <u>Subrecipients</u> | <u>Adjustments</u> ^(a) | Repayment of Prior Years' <u>Balances</u> | Balance June 30, 2019 | | |
|-------------------------|-------------------------------|-------------------------|---|---|-----------------------------------|--|----------------------------------|-----------------------------|---------------------------|
| | <u>Pass-Through Funds</u> | <u>Direct Funds</u> | <u>Total Budgetary Expenditures</u> | | | | <u>(Accounts Receivable)</u> | <u>Unearned Revenue</u> | <u>Due to Grantor</u> |
| \$ 18,206.63 | \$ (18,206.63) | \$ - | \$ (18,206.63) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 18,206.63 | (18,206.63) | - | (18,206.63) | - | - | - | - | - | - |
| 18,206.63 | (18,206.63) | - | (18,206.63) | - | - | - | - | - | - |
| 22,183.00 | (14,534.30) | - | (14,534.30) | - | (0.70) | - | (14,535.00) | - | 15,815.36 |
| 179,231.00 | (328,090.00) | - | (328,090.00) | - | - | - | (148,859.00) | - | - |
| 201,414.00 | (342,624.30) | - | (342,624.30) | - | (0.70) | - | (163,394.00) | - | 15,815.36 |
| 33,171.00 | - | - | - | - | - | - | - | - | 25,515.69 |
| 14,824.00 | (25,989.86) | - | (25,989.86) | - | (163.14) | - | (11,329.00) | - | - |
| 47,995.00 | (25,989.86) | - | (25,989.86) | - | (163.14) | - | (11,329.00) | - | 25,515.69 |
| 850.00 | - | - | - | - | (0.62) | - | - | - | - |
| - | (19,976.93) | - | (19,976.93) | - | (0.07) | - | (19,977.00) | - | - |
| 850.00 | (19,976.93) | - | (19,976.93) | - | (0.69) | - | (19,977.00) | - | - |
| 19,005.00 | - | - | - | - | - | - | - | - | - |
| 84,546.00 | (120,780.00) | - | (120,780.00) | - | - | - | (36,234.00) | - | - |
| 103,551.00 | (120,780.00) | - | (120,780.00) | - | - | - | (36,234.00) | - | - |
| 353,810.00 | (509,371.09) | - | (509,371.09) | - | (164.53) | - | (230,934.00) | - | 41,331.05 |
| 2,047.79 | - | - | - | - | - | - | - | - | - |
| 22,918.47 | (28,291.34) | - | (28,291.34) | - | - | - | (5,372.87) | - | - |
| 11,036.45 | (6,771.41) | - | (6,771.41) | - | - | - | - | 4,265.04 | - |
| 9,588.38 | - | - | - | - | - | - | - | - | - |
| 117,156.60 | (140,794.06) | - | (140,794.06) | - | - | - | (23,637.46) | - | - |
| 596.64 | - | - | - | - | - | - | - | - | - |
| 7,112.56 | (8,498.49) | - | (8,498.49) | - | - | - | (1,385.93) | - | - |
| 222.84 | - | - | - | - | - | - | - | - | - |
| 2,641.20 | (3,175.32) | - | (3,175.32) | - | - | - | (534.12) | - | - |
| 173,320.93 | (192,787.21) | - | (192,787.21) | - | - | - | (30,930.38) | 4,265.04 | - |
| 173,320.93 | (192,787.21) | - | (192,787.21) | - | - | - | (30,930.38) | 4,265.04 | - |
| \$ 545,337.56 | \$ (720,364.93) | \$ - | \$ (720,364.93) | \$ - | \$ (164.53) | \$ - | \$ (261,864.38) | \$ 4,265.04 | \$ 41,331.05 |

CLEMENTON SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2019

| State Grantor / Program or Cluster Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2018 | |
|---|-------------------------------------|-------------------------------|--------------|----------|---|-------------------|
| | | | From | To | Unearned Revenue / (Accounts Receivable) | Due to Grantor |
| General Fund: | | | | | | |
| New Jersey Department of Education: | | | | | | |
| Current Expense: | | | | | | |
| State Aid - Public Cluster: | | | | | | |
| Equalization Aid | 495-034-5120-078 | \$ 5,793,075.00 | 07/01/17 | 06/30/18 | \$ (548,403.72) | |
| Equalization Aid | 495-034-5120-078 | 5,793,075.00 | 07/01/18 | 06/30/19 | | |
| Categorical Special Education Aid | 495-034-5120-089 | 371,383.00 | 07/01/17 | 06/30/18 | (35,157.12) | |
| Categorical Special Education Aid | 495-034-5120-089 | 371,383.00 | 07/01/18 | 06/30/19 | | |
| Categorical Security Aid | 495-034-5120-084 | 135,485.00 | 07/01/17 | 06/30/18 | (12,825.74) | |
| Categorical Security Aid | 495-034-5120-084 | 135,485.00 | 07/01/18 | 06/30/19 | | |
| Per Pupil Growth Aid | 495-034-5120-097 | 6,020.00 | 07/01/17 | 06/30/18 | (569.89) | |
| PARCC Readiness | 495-034-5120-098 | 6,020.00 | 07/01/17 | 06/30/18 | (569.89) | |
| Professional Learning Community Aid | 495-034-5120-101 | 5,390.00 | 07/01/17 | 06/30/18 | (510.25) | |
| | | | | | | |
| Total State Aid - Public Cluster | | | | | (598,036.61) | \$ - |
| Transportation Aid: | | | | | | |
| Categorical Transportation Aid | 495-034-5120-014 | 57,738.00 | 07/01/17 | 06/30/18 | (5,465.79) | |
| Categorical Transportation Aid | 495-034-5120-014 | 78,718.00 | 07/01/18 | 06/30/19 | | |
| Additional Nonpublic School Transportation Aid | 495-034-5120-014 | 13,340.00 | 07/01/17 | 06/30/18 | (13,340.00) | |
| Additional Nonpublic School Transportation Aid | 495-034-5120-014 | 8,136.00 | 07/01/18 | 06/30/19 | | |
| Total Transportation Aid | | | | | (18,805.79) | - |
| Extraordinary Aid | | | | | | |
| Extraordinary Aid | 495-034-5120-044 | 73,351.00 | 07/01/17 | 06/30/18 | (73,351.00) | |
| Extraordinary Aid | 495-034-5120-044 | 151,570.00 | 07/01/18 | 06/30/19 | | |
| Total Extraordinary Aid | | | | | (73,351.00) | - |
| Payments for Institutionalized Children | | | | | | |
| Payments for Institutionalized Children | 495-034-5120-005 | 47,728.00 | 07/01/18 | 06/30/19 | | |
| Total Payments for Institutionalized Children | | | | | - | - |
| Reimbursed TPAF Social Security Contributions | | | | | | |
| Reimbursed TPAF Social Security Contributions | 495-034-5094-003 | 251,321.82 | 07/01/18 | 06/30/19 | | |
| Total Reimbursed TPAF Social Security Contributions | | | | | - | - |
| New Jersey Department of the Treasury: | | | | | | |
| On-Behalf T.P.A.F. Pension Contributions - Post-Retirement | | | | | | |
| Medical (non-budgeted) | 495-034-5094-001 | 307,389.00 | 07/01/18 | 06/30/19 | | |
| On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted) | 495-034-5094-002 | 663,772.00 | 07/01/18 | 06/30/19 | | |
| On-Behalf T.P.A.F. Non-contributory Insurance | 495-034-5094-004 | 13,895.00 | 07/01/18 | 06/30/19 | | |
| On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted) | 495-034-5094-004 | 1,050.00 | 07/01/18 | 06/30/19 | | |
| Total On-Behalf TPAF Pension Contributions (non-budgeted) | | | | | - | - |
| Total General Fund | | | | | (690,193.40) | - |
| Special Revenue Fund: | | | | | | |
| New Jersey Department of Education: | | | | | | |
| Preschool Education Aid | 495-034-5120-086 | 104,916.00 | 07/01/17 | 06/30/18 | (2,249.68) | |
| Preschool Education Aid | 495-034-5120-086 | 70,366.92 | 07/01/18 | 06/30/19 | | |
| Total Special Revenue Fund | | | | | (2,249.68) | - |
| Enterprise Fund: | | | | | | |
| New Jersey Department of Agriculture: | | | | | | |
| State School Lunch Program | 100-010-3350-023 | 2,687.42 | 07/01/17 | 06/30/18 | | |
| State School Lunch Program | 100-010-3350-023 | 2,855.07 | 07/01/18 | 06/30/19 | | |
| State School Lunch Program | | | | | - | - |
| Total Enterprise Fund | | | | | - | - |
| Total State Financial Assistance | | | | | \$ (692,443.08) | \$ - |
| Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit: | | | | | | |
| General Fund (Non-Cash Assistance): | | | | | | |
| New Jersey Department of Education: | | | | | | |
| On-Behalf T.P.A.F. Pension Contributions - Post-Retirement | | | | | | |
| Medical (non-budgeted) | 495-034-5094-001 | | 07/01/18 | 06/30/19 | | |
| On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted) | 495-034-5094-002 | | 07/01/18 | 06/30/19 | | |
| On-Behalf T.P.A.F. Non-contributory Insurance | 495-034-5094-004 | | 07/01/18 | 06/30/19 | | |
| On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted) | 495-034-5094-004 | | 07/01/18 | 06/30/19 | | |
| Total General Fund (Non-Cash Assistance) | | | | | | |
| Total State Financial Assistance subject to Major Program Determination for State Single Audit | | | | | | |

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

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 | Total Budgetary Expenditures | Passed-Through to Subrecipients | Adjustments ^(a) | Repayment of Prior Years' Balances | Balance June 30, 2019 | | | (Memo Only) | |
|-----------------|------------------------------|---------------------------------|----------------------------|------------------------------------|-----------------------|------------------|----------------|------------------------------------|-------------------------------|
| | | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | Budgetary Receivable June 30, 2019 | Cumulative Total Expenditures |
| \$ 548,403.72 | \$ (5,793,075.00) | | | | \$ (566,643.07) | | | \$ (566,643.07) | \$ (5,793,075.00) |
| 5,226,431.93 | | | | | | | | | |
| 35,157.12 | (371,383.00) | | | | (36,326.41) | | | (36,326.41) | (371,383.00) |
| 335,056.59 | | | | | | | | | |
| 12,825.74 | (135,485.00) | | | | (13,252.31) | | | (13,252.31) | (135,485.00) |
| 122,232.69 | | | | | | | | | |
| 569.89 | | | | | | | | | |
| 569.89 | | | | | | | | | |
| 510.25 | | | | | | | | | |
| 6,281,757.82 | (6,299,943.00) | \$ - | \$ - | \$ - | (616,221.79) | \$ - | \$ - | (616,221.79) | (6,299,943.00) |
| 5,465.79 | (78,718.00) | | | | (7,699.71) | | | (7,699.71) | (78,718.00) |
| 71,018.29 | | | | | | | | | |
| 13,340.00 | (8,136.00) | | | | (8,136.00) | | | | (8,136.00) |
| 89,824.08 | (86,854.00) | - | - | - | (15,835.71) | - | - | (7,699.71) | (86,854.00) |
| 73,351.00 | (151,570.00) | | | | (151,570.00) | | | | (151,570.00) |
| 73,351.00 | (151,570.00) | - | - | - | (151,570.00) | - | - | - | (151,570.00) |
| | (47,728.00) | | | | (47,728.00) | | | | (47,728.00) |
| - | (47,728.00) | - | - | - | (47,728.00) | - | - | - | (47,728.00) |
| 251,321.82 | (251,321.82) | | | | | | | | (251,321.82) |
| 251,321.82 | (251,321.82) | - | - | - | - | - | - | - | (251,321.82) |
| 307,389.00 | (307,389.00) | | | | | | | | (307,389.00) |
| 663,772.00 | (663,772.00) | | | | | | | | (663,772.00) |
| 13,895.00 | (13,895.00) | | | | | | | | (13,895.00) |
| 1,050.00 | (1,050.00) | | | | | | | | (1,050.00) |
| 986,106.00 | (986,106.00) | - | - | - | - | - | - | - | (986,106.00) |
| 7,682,360.72 | (7,823,522.82) | - | - | - | (831,355.50) | - | - | (623,921.50) | (7,823,522.82) |
| 10,491.60 | (8,241.92) | | | | | | | | (8,241.92) |
| 55,912.50 | (62,125.00) | | | | (6,212.50) | | | (6,212.50) | (62,125.00) |
| 66,404.10 | (70,366.92) | - | - | - | (6,212.50) | - | - | (6,212.50) | (70,366.92) |
| 200.37 | (200.37) | | | | | | | | (2,487.05) |
| 2,374.90 | (2,855.07) | | | | (480.17) | | | | (2,855.07) |
| 2,575.27 | (3,055.44) | - | - | - | (480.17) | - | - | - | (5,342.12) |
| 2,575.27 | (3,055.44) | - | - | - | (480.17) | - | - | - | (5,342.12) |
| \$ 7,751,340.09 | (7,896,945.18) | \$ - | \$ - | \$ - | \$ (838,048.17) | \$ - | \$ - | \$ (630,134.00) | \$ (7,899,231.86) |

307,389.00
663,772.00
13,895.00
1,050.00
986,106.00
\$ (6,910,839.18)

CLEMENTON SCHOOL DISTRICT

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, 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 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$20,419.10) for the general fund and \$4,442.14 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 revenues 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 schedule of expenditures of state financial assistance are presented as follows:

| <u>Fund</u> | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|--|----------------------|------------------------|------------------------|
| General | \$ 18,206.63 | \$ 7,803,103.72 | \$ 7,821,310.35 |
| Special Revenue | 509,534.13 | 74,646.02 | 584,180.15 |
| Food Service | <u>192,787.21</u> | <u>3,055.44</u> | <u>195,842.65</u> |
| GAAP Basis Revenues | <u>720,527.97</u> | <u>7,880,805.18</u> | <u>8,601,333.15</u> |
| GAAP Adjustments: | | | |
| State Aid Payments | | 16,140.00 | 16,140.00 |
| Encumbrances | <u>(163.04)</u> | | <u>(163.04)</u> |
| | <u>(163.04)</u> | <u>16,140.00</u> | <u>15,976.96</u> |
| Total Awards and Financial Assistance Expended | <u>\$ 720,364.93</u> | <u>\$ 7,896,945.18</u> | <u>\$ 8,617,310.11</u> |

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2017-2018.

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*.

CLEMENTON 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 no
Significant deficiency(ies) identified? yes none reported
Noncompliance material to financial statements noted? yes no

Federal Awards

Not Applicable

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>FAIN Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-----------------------|---|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

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

CLEMENTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

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.

Finding No. 2019-001

Criteria or Specific Requirement

N.J.A.C. 6A:26-20.3 & 20.4(b)(c) Required Maintenance Expenditures – Expenditures that qualify as required maintenance include supplies and materials, contracted labor, and salaries of school district employees who are exclusively dedicated to the performance of required maintenance activities or for the payment of contracts for required maintenance. School districts shall have available the expenditure records, detailed by school facility, for verification by the school district auditor.

Condition

The School District misclassified expenditures that do not qualify as required maintenance activities under N.J.A.C. 6A:26-20.3 in the required maintenance object code.

Context

Our verification included a review of classification of expenditures and documents to support the school level expenditures for object code 261 and random testing of purchase orders/vouchers. Four samples out of ten tested were determined to be routine maintenance and were misclassified to the required maintenance object code.

Effect

Expenditures for required maintenance activities shall qualify as investments in maintenance for purposes of calculating the required maintenance expenditure, the annual required maintenance budget amount pursuant to N.J.A.C. 6A:26-20.8, and the maintenance factor (M) in N.J.S.A. 18A:7G-9. Without properly reporting required maintenance activity, the School District is not in compliance with various laws and regulations.

Cause

Oversight.

Recommendation

That the School District have procedures in place to ensure that all expenditures charged to required maintenance object code qualify as required maintenance activity in accordance with N.J.A.C. 6A:26-20.3.

View of Responsible Officials and Planned Corrective Action

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

CLEMENTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

A Federal single audit was not required for the fiscal year ended June 30, 2019.

CLEMENTON SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2019

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

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

Finding No. 2019-002

Information on the State Program

State Aid Public – Cluster:

| | |
|-----------------------------------|-------------------------------|
| Equalization Aid | G.M.I.S. No. 495-034-5120-078 |
| Special Education Categorical Aid | G.M.I.S. No. 495-034-5120-089 |
| Security Aid | G.M.I.S. No. 495-034-5120-084 |

Criteria or Specific Requirement

All accounting records should be available for audit.

Condition

A number of District records such as purchase orders/vouchers and supporting documentation were not available for audit.

Questioned Costs

None.

Context

- A. Two general fund purchase orders and supporting documentation could not be located for audit.
- B. One purchase order for District travel expenditures could not be located for audit.
- C. One food service fund purchase order and supporting documentation could not be located for audit.
- D. Several items of District records could not be located in relation to A.S.S.A. testing, see Finding No. 2019-003.

The sample was not statistically valid.

Effect

Certain audit procedures could not be performed for a number of items selected for audit.

Cause

Records were unable to be located as a result in a change in staff during the year.

Recommendation

That the School District maintain all records available for audit.

View of Responsible Officials and Planned Corrective Action

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

CLEMENTON SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2019

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2019-003

Information on the State Program

State Aid Public – Cluster:

| | |
|-----------------------------------|-------------------------------|
| Equalization Aid | G.M.I.S. No. 495-034-5120-078 |
| Special Education Categorical Aid | G.M.I.S. No. 495-034-5120-089 |
| Security Aid | G.M.I.S. No. 495-034-5120-084 |

Criteria or Specific Requirement

Districts must complete the Application for State School Aid (A.S.S.A.) in accordance with instructions provided by the Office of School Finance, Department of Education. Districts must complete a set of workpapers that document the compilation of data and retain supporting documentation that provides an audit trail for testing the information reported on the A.S.S.A. report.

Condition

The District's workpapers and corresponding documentation did not agree with the submitted A.S.S.A. report and as a result, differences were identified. In addition, the District failed to maintain certain supporting workpapers, as a result, certain audit procedures could not be performed with regards to A.S.S.A.

Questioned Costs

None.

Context

Our test of on-roll students disclosed the following:

1. The A.S.S.A. report did not agree to the attendance register for 3 enrollment grades by a net total of 2 students.

Our test of private schools students disclosed the following:

1. The School District's workpaper of private school students did not support the numbers reported on the A.S.S.A. either in total or by enrollment grade.

Our test of low-income students disclosed the following:

1. Lunch applications could not be located or direct certifications were not available for 69 out of 185 students tested

Our test of limited English proficiency (LEP) or English language learner (ELL) students disclosed the following:

1. In eleven instances, the School District could not locate the student's lunch application; therefore, auditor was unable to determine whether the LEP student's low income status was classified correctly.
2. In two instances, student was reported as low-income LEP; however, supporting workpaper indicated they should have been reported as now low-income LEP.
3. In one instance, the student was listed in the school register as a regular education LEP student while reported on the A.S.S.A. as special education LEP student.
4. In thirteen instances, the School District could not provide evidence that the student should be placed in the program.

The sample was not statistically valid.

Effect

The number of differences could not be verified and may have an impact on the District's State Aid allocation.

Cause

Oversight and certain records were unable to be located as a result in a change in staff during the year.

CLEMENTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2019-003 (Cont'd)

Recommendation

That the School District maintain all A.S.S.A. workpapers and supporting documentation; that the District's establish adequate written procedures for the recording and reporting of student enrollment data.

View of Responsible Officials and Planned Corrective Action

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

CLEMENTON SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2019

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs (Cont'd)

Finding No. 2019-004

Information on the State Program

State Aid Public – Cluster:

| | |
|-----------------------------------|-------------------------------|
| Equalization Aid | G.M.I.S. No. 495-034-5120-078 |
| Special Education Categorical Aid | G.M.I.S. No. 495-034-5120-089 |
| Security Aid | G.M.I.S. No. 495-034-5120-084 |

Criteria or Specific Requirement

N.J.A.C. 6A:23A-13.3 requires school districts to receive Commissioner approval or Executive County Superintendent as Commissioner's designee for line item transfers from any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes, as amended to include prior year encumbrances carried forward to the current year and revenue appropriated; and for transfers to the advertised appropriation accounts identified as capital outlay for a capital outlay project not previously approved by the voters or board of school estimate.

Condition

The School District did not request in writing approval from the Executive County Superintendent for transfers of general fund appropriation as required by N.J.A.C. 6A:23A-13.3.

Questioned Costs

None.

Context

Upon reviewing the monthly transfer worksheets prepared by the School District, the following were noted:

- A. 7 transfers from an advertised general fund appropriation account, on a cumulative basis, exceeded 10 percent of the amount of the account. Approval from the Executive County Superintendent was not requested.
- B. The School District transferred to capital outlay appropriation accounts excluding equipment during the year. Approval from the Executive County Superintendent was not requested.

The sample was not statistically valid.

Effect

Noncompliance with procedures set forth in N.J.A.C. 6A:23A-13.3 with regards to monthly transfers.

Cause

Oversight.

Recommendation

That the School District adhere to laws and regulations and request proper approval from the Commissioner or Executive County Superintendent as required by N.J.A.C. 6A:23A-13.3.

View of Responsible Officials and Planned Corrective Action

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

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

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

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

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding No. 2018-001

Information on the State Program

State Aid Public – Cluster:

| | |
|-----------------------------------|-------------------------------|
| Equalization Aid | G.M.I.S. No. 495-034-5120-078 |
| Special Education Categorical Aid | G.M.I.S. No. 495-034-5120-089 |
| Security Aid | G.M.I.S. No. 495-034-5120-084 |

Condition

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

Current Status

This finding has been resolved.

