

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

BOROUGH OF CLAYTON SCHOOL DISTRICT
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INTRODUCTORY SECTION

Nikolaos C. Koutsogiannis
Superintendent of Schools



Frances C. Adler
Business Administrator

January 28, 2021

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

Dear Board Members:

We are submitting the Comprehensive Annual Financial Report of the Clayton Public School District for the fiscal year ended June 30, 2020. The management of the Board of Education is responsible for the accuracy of the data as well as the completeness and fairness of the presentation including all disclosures. To the best of our knowledge, the data presented in this report is accurate and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All necessary disclosures have been included to enable the reader to gain an understanding of the District's financial activities.

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

REPORTING ENTITY AND ITS SERVICES:

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

The Clayton Public School District provides a full range of educational services appropriate to grade levels PreK-12. These include regular and vocational programs as well as special education for the special needs students. The student enrollment history for in-district students follows:

STUDENT ENROLLMENT:

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

ECONOMIC CONDITION AND OUTLOOK:

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

DISTRICT GOALS:

The following district-level goals were developed for the 2019-2020 school year:

- 1) Create and adopt a long-range facilities plan by June 2020 (Strategic Plan Goal 4)
- 2) Clayton School District will promote the physical, social and emotional wellness of students by establishing wellness activities throughout the school year (Strategic Plan Goal 3)
- 3) 75% of all teachers will participate in collaboration and articulation activities (Strategic Plan Goal 1)

PROGRESS TOWARD GOALS AND OBJECTIVES:

1) Create and adopt a long-range facilities plan by June 2020 (Strategic Plan Goal 4)

- Held meeting with Garrison Architects to discuss district needs (November)
 - Needs assessment discussion with District Administration (December)
 - Finance and Facilities meeting focused on long range recommendations (January)
1. HS Aux. Gym Floor
 2. HS Track resurface
 3. Continue with LED lighting replacement
 4. Haupt Field Turf Field
 5. MS and ES Classroom Unit Ventilators
 6. Landscaping around graveyard fence
 7. New blacktop for ES basketball court
 8. Complete handicap path behind HS to connect sports fields
 9. Removal of gas tank from old bus depot
 10. Paving of bus depot

2) Clayton School District will promote the physical, social and emotional wellness of students by establishing wellness activities throughout the school year (Strategic Plan Goal 3)

- Established district wide wellness team (October)
- Child Abuse Prevention Efforts (CAPE) MS classroom presentations (October)
- Wellness team conducted a health and wellness climate survey (November)
- Clayton Place and SAC conducting monthly lessons in HS/MS on wellness topics (November-May)
- Applied and received grant to provide counseling for our Twilight students (January)
- HS/MS Staff received Suicide ideation training (February)
- ES staff received trauma training for students (February)
- Re-Think Your Drink campaign (April)
- Clayton Model legislation approved (June)

3) 75% of all teachers will participate in collaboration and articulation activities (Strategic Plan Goal 1)

- Conducted Professional Development Clifton Strengths training (November)
- In-Service teacher led and created (February)
- Introduced and started Learning Walks (February/March)

FINANCIAL INFORMATION AT FISCAL YEAR-END:

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

DEBT ADMINISTRATION:

At June 30, 2020 the District's outstanding debt issues amount to \$16,577,000.

CASH MANAGEMENT:

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

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

RISK MANAGEMENT:

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

OTHER INFORMATION:

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

AWARDS:

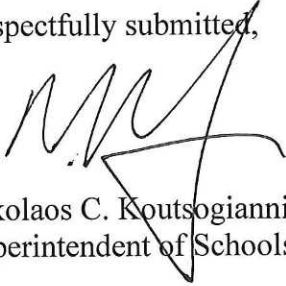
1. Teachers of the Year: Elementary School Teacher –Sue Milillo
 Middle School Teacher-Brittany Forgrove
 High School Teacher – Jeff Owens
2. New Grant Awards: Nora Roberts Foundation - \$3,000 (Elementary Library Grant)
 Robert Wood Foundation - Clayton in Motion Grant-\$50,000

ACKNOWLEDGEMENTS:

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

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

Respectfully submitted,

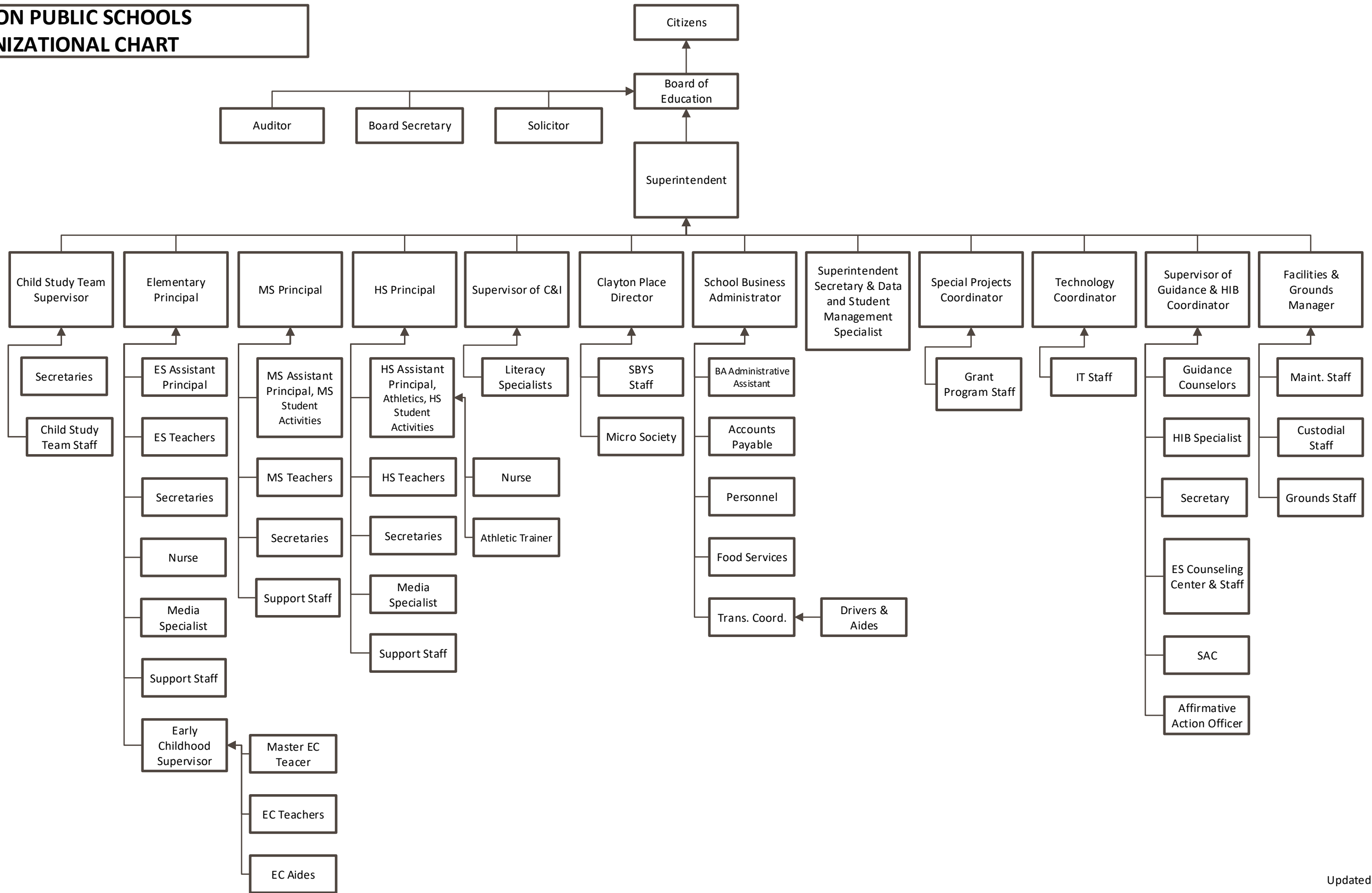


Nikolaos C. Koutsogiannis
Superintendent of Schools



Frances C. Adler
School Business Administrator/Board Secretary

CLAYTON PUBLIC SCHOOLS ORGANIZATIONAL CHART



CLAYTON BOARD OF EDUCATION
CLAYTON, NEW JERSEY

ROSTER OF OFFICIALS

As of June 30, 2020

Members of the Board of Education	Term Expires
Paul Connell, President	2021
Robin Roche, Vice President	2021
Steven Awalt	2021
Megan Colon	2020
Ron Durham	2020
Anthony Grafton	2022
Jeremiah Long	2020
April Ward	2022
Niamah King	2022

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

CLAYTON BOARD OF EDUCATION
CLAYTON, NEW JERSEY

CONSULTANTS AND ADVISORS

Architect

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Audit Firm

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

Attorney

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

Official Depositories

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

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

Special Counsel

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Clayton School District in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, major fund, and the aggregate remaining fund information of the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021 on our consideration of the Borough of Clayton School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Clayton School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Clayton School District's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman + Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Glen J. Walton

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

Voorhees , New Jersey
January 28, 2021

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2020, 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 January 28, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
January 28, 2021

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The management's discussion and analysis of the Borough of Clayton School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020 and 2019. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2020:

- The assets of the Borough of Clayton School District exceeded its liabilities at the close of the most recent fiscal year by \$8,480,603 (net position).
- The School District's total net position decreased by \$574,597. This decrease is primarily attributable to the Borough of Clayton School District's decrease in long-term liabilities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$321,358, a decrease of \$172,132.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$516,771, which is a decrease of \$22,394 in comparison with the prior year.
- The Borough of Clayton School District's total debt decreased by \$1,212,000, as a result of payment of general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

The School District has three kinds of funds:

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2020 and 2019.

TABLE 1				
Net Position				
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 1,161,663	\$ 1,011,909	\$ 149,754	14.80%
Capital Assets	31,096,158	32,312,036	(1,215,878)	-3.76%
Total Assets	32,257,821	33,323,945	(1,066,124)	-3.20%
Deferred Outflows of Resources:				
Loss on Refunding of Debt	300,375		300,375	100.00%
Related to Pensions	926,762	1,215,821	(289,059)	-23.77%
Total Deferred Outflows of Resources	1,227,137	1,215,821	11,316	0.93%
Liabilities:				
Long-Term Liabilities	20,768,925	21,705,523	(936,598)	-4.32%
Other Liabilities	2,361,137	1,754,278	606,859	34.59%
Total Liabilities	23,130,062	23,459,801	(329,739)	-1.41%
Deferred Inflow of Resources - Related to Pensions	1,874,293	2,024,765	(150,472)	-7.43%
Net Position:				
Net Investment in Capital Assets	14,212,239	14,628,826	(416,587)	-2.85%
Restricted	571,055	480,760	90,295	18.78%
Unrestricted (Deficit)	(6,302,691)	(6,054,386)	(248,305)	4.10%
Total Net Position	\$ 8,480,603	\$ 9,055,200	\$ (574,597)	-6.35%

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

TABLE 2				
Statement of Net Position - Effect of Pension Related Items				
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 926,762	\$ 1,215,821	\$ (289,059)	-23.77%
Less: Net Pension Liability	(4,181,721)	(4,500,265)	318,544	-7.08%
Less: Deferred Inflows Related to Pensions	(1,874,293)	(2,024,765)	150,472	-7.43%
	\$ (5,129,252)	\$ (5,309,209)	\$ 179,957	-3.39%

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Cont'd)

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

Table 3 reflects changes in net position for fiscal years 2020 and 2019.

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 374,415	\$ 493,675	\$ (119,260)	-24.16%
Operating Grants and Contributions	4,178,104	7,845,417	(3,667,313)	-46.74%
General Revenues:				
Property Taxes	9,942,264	9,766,528	175,736	1.80%
Grants and Contributions	15,158,736	14,018,993	1,139,743	8.13%
Other	391,592	382,091	9,501	2.49%
	<u>30,045,111</u>	<u>32,506,704</u>	<u>(2,461,593)</u>	<u>-7.57%</u>
Expenses:				
Instruction:				
Regular	8,678,026	8,098,216	579,810	7.16%
Special Education	1,412,025	1,606,489	(194,464)	-12.10%
Other Special Instruction	845,873	841,754	4,119	0.49%
Student Services:				
Tuition	2,052,894	1,886,946	165,948	8.79%
Student and Instruction Related	3,463,652	3,549,786	(86,134)	-2.43%
General Administrative Services	475,209	475,705	(496)	-0.10%
School Administrative Services	1,084,855	1,055,421	29,434	2.79%
Central Services	341,730	321,016	20,714	6.45%
Administrative Information Technology	163,941	128,079	35,862	28.00%
Plant Operations and Maintenance	1,534,057	1,577,379	(43,322)	-2.75%
Pupil Transportation	1,145,385	1,203,924	(58,539)	-4.86%
Unallocated Benefits	7,969,099	11,316,376	(3,347,277)	-29.58%
Interest on Long-Term Debt	830,170	792,683	37,487	4.73%
Food Service	622,792	738,944	(116,152)	-15.72%
	<u>30,619,708</u>	<u>33,592,718</u>	<u>(2,973,010)</u>	<u>-8.85%</u>
Increase (Decrease) in Net Position	(574,597)	(1,086,014)	511,417	(0.47)
Beginning Net Position	9,055,200	10,141,214	(1,086,014)	-10.71%
Ending Net Position	<u>\$ 8,480,603</u>	<u>\$ 9,055,200</u>	<u>\$ (574,597)</u>	<u>-6.35%</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Cont'd)

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

Governmental Activities

In 2019-2020, Governmental Activities Revenues were \$29,465,243 or 98.07% of total revenues.

In 2018-2019, Governmental Activities Revenues were \$31,772,648 or 97.74% of total revenues.

The \$2,307,405 decrease in Governmental Activities Revenues from 2018-2019 to 2019-2020 was mainly related to the decrease in revenue from GASB 68 and GASB 75.

In 2019-2020, General Revenues - Property Taxes of \$9,942,264 made up 33.74%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$15,158,736 made up 51.45% of Governmental Activities Revenues.

In 2018-2019, General Revenues - Property Taxes of \$9,766,528 made up 30.74%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$14,018,993 made up 44.12% of Governmental Activities Revenues.

In 2019-2020, the School District's Governmental Activities expenditures decreased by \$2,856,858 or 8.70% from 2018-2019.

Business-Type Activities

In 2019-2020 Business-Type Activities Revenues were \$579,868 or 1.93% of total revenues. In 2018-2019 Business-Type Activities Revenues were \$734,056 or 2.26% of total revenues.

Charges for Services for Business-Type Activities were \$173,364 in 2019-2020 compared to \$246,459 in 2018-2019, a 29.66% decrease.

Operating Grants and Contributions for Business-Type Activities were \$406,001 in 2019-2020 compared to \$486,868 in 2018-2019, a 16.61% decrease.

Expenses for Business-Type Activities were \$622,792 in 2019-2020 compared to \$738,944 in 2018-2019, a 15.72% decrease.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$21,072,696, which was greater than the original budget.

The 2018-2019 General Fund Tax Levy was \$8,780,470, an increase of \$172,166 or 2.00% from the 2018-2019 General Fund Tax Levy of \$8,608,304.

During fiscal year 2020, the School District budgeted \$8,780,470 for property taxes (local tax levy) and \$11,682,454 for state aid revenues.

The School District also received \$717,646 and \$2,524,756 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance, Long-Term Disability Insurance and Pension Contributions, respectively. The Borough of Clayton School District's expenditures also include the reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance, Long-Term Disability Insurance and Pension Contributions of \$717,646 and \$2,524,756 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2020
 (Unaudited) (Cont'd)

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

General Fund Budgeting Highlights (cont'd)

The final budgetary basis expenditure appropriation estimate was \$21,876,857, which was greater than the original budget.

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$321,358, a decrease of \$172,132 in comparison with the prior year.

Of the combined ending fund balances of \$321,358, \$612,898 constitutes unassigned fund balance deficits. The remainder of fund balance of \$934,256 is restricted or assigned for various purposes.

Proprietary Fund - As of the end of the current fiscal year, the School District's proprietary fund had \$115,185 in unrestricted net position.

CAPITAL ASSETS

The Borough of Clayton School District's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$31,096,158 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings and improvements, and equipment. There was a net decrease in the Borough of Clayton School District's investment in capital assets for the current fiscal year of 3.76%. The net decrease was the result of the net effect of the 2019 asset additions, depreciation expense, and write-offs for the year. Table 4 reflects the capital assets.

TABLE 4
 Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Land	\$ 510,670	\$ 510,670
Site Improvements	872,594	948,530
Building and Improvements	28,772,844	29,797,929
Equipment	<u>940,050</u>	<u>1,054,907</u>
 Total Capital Assets	 <u>\$ 31,096,158</u>	 <u>\$ 32,312,036</u>

Depreciation expense was \$1,332,348 for fiscal year ended 2020 and \$1,361,349 for fiscal year ended 2019.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the Borough of Clayton School District had total bonded debt outstanding of \$16,015,000. The entire Borough of Clayton School District's bonded debt is governmental as opposed to business-type. The School Bond – Series 2010 was refunded and the remaining balance will mature on September 1, 2020, the School Bond – Series 2015 will mature on March 1, 2040, and the Refunding Bonds of 2020 will mature on September 1, 2034.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Cont'd)

FACTORS ON THE DISTRICT'S FUTURE

For the 2019-2020 school year, the Borough of Clayton School District was able to sustain its budget through the borough tax levy, federal aid, state aid and miscellaneous revenue sources. Approximately 33.74% of total revenue is from local tax levy and 51.45% of the Borough of Clayton School District's revenue is from federal and state aid (restricted and not restricted).

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF CLAYTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 68,304	\$ 83,277	\$ 151,581
Receivables, net (Note 4)	570,329	18,529	588,858
Internal Balances	(3,885)	3,885	
Inventory (Note 5)		15,167	15,167
Restricted Assets:			
Capital Reserve Account - Cash	161,677		161,677
Restricted Cash and Cash Equivalents	244,380		244,380
Capital Assets, net (Note 6)	31,023,351	72,807	31,096,158
Total Assets	32,064,156	193,665	32,257,821
DEFERRED OUTFLOWS:			
Loss on Refunding of Debt	300,375		300,375
Related to Pension (Note 9)	926,762		926,762
Total Deferred Outflows of Resources	1,227,137		1,227,137
LIABILITIES:			
Accounts Payable			
Related to Pensions	265,454		265,454
Other	458,954	5,673	464,627
Payable to State Government	74,613		74,613
Unearned Revenue	185,880		185,880
Accrued Interest Payable	306,856		306,856
Noncurrent Liabilities (Note 7):			
Due within One Year	1,063,707		1,063,707
Due beyond One Year	20,768,925		20,768,925
Total Liabilities	23,124,389	5,673	23,130,062
DEFERRED INFLOWS:			
Related to Pension (Note 9)	1,874,293		1,874,293
NET POSITION:			
Net Investment in Capital Assets	14,139,432	72,807	14,212,239
Restricted for:			
Debt Service	5,629		5,629
Capital Projects	211,677		211,677
Other Purposes	353,749		353,749
Unrestricted (Deficit)	(6,417,876)	115,185	(6,302,691)
Total Net Position	\$ 8,292,611	\$ 187,992	\$ 8,480,603

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 8,678,026		\$ 875,610	\$ (7,802,416)		\$ (7,802,416)
Special Education	1,412,025	\$ 201,051	276,442	(934,532)		(934,532)
Other Instruction	845,873		21,385	(824,488)		(824,488)
Support Services:						
Tuition	2,052,894		362,126	(1,690,768)		(1,690,768)
Student and Instruction Related Services	3,463,652		861,370	(2,602,282)		(2,602,282)
General Administrative Services	475,209			(475,209)		(475,209)
School Administrative Services	1,084,855			(1,084,855)		(1,084,855)
Central Services	341,730			(341,730)		(341,730)
Administrative Information Technology	163,941			(163,941)		(163,941)
Plant Operations and Maintenance	1,534,057			(1,534,057)		(1,534,057)
Pupil Transportation	1,145,385			(1,145,385)		(1,145,385)
Unallocated Benefits	7,969,099		1,375,170	(6,593,929)		(6,593,929)
Interest on Long-Term Debt	830,170			(830,170)		(830,170)
Total Governmental Activities	29,996,916	201,051	3,772,103	(26,023,762)	-	(26,023,762)
Business-Type Activities:						
Food Service	622,792	173,364	406,001	-	\$ (43,427)	(43,427)
Total Business-Type Activities	622,792	173,364	406,001	-	(43,427)	(43,427)
Total Government	\$ 30,619,708	\$ 374,415	\$ 4,178,104	(26,023,762)	(43,427)	(26,067,189)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				8,780,470		8,780,470
Property Taxes, Levied for Debt Service				1,161,794		1,161,794
Federal and State Aid Not Restricted				15,158,736		15,158,736
Transportation Fees from other LEAs within State				24,614		24,614
Interest and Investment Earnings				6,781	503	7,284
Miscellaneous Income				359,694		359,694
Total General Revenues				25,492,089	503	25,492,592
Change in Net Position				(531,673)	(42,924)	(574,597)
Net Position -- July 1				8,824,284	230,916	9,055,200
Net Position -- June 30				\$ 8,292,611	\$ 187,992	\$ 8,480,603

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

FUND FINANCIAL STATEMENTS

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Cash and Cash Equivalents	\$ 62,665	\$ 244,390	\$ 5,629	\$ 312,684
Cash - Capital Reserve Account	161,677			161,677
Accounts Receivable				
State	274,413	16,065		290,478
Federal		139,615		139,615
Other	78,275	61,961		140,236
Interfunds Receivable	192,160			192,160
Total Assets	\$ 769,190	\$ 462,031	\$ 5,629	\$ 1,236,850
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 357,334	\$ 101,620		\$ 458,954
Interfunds Payable		196,045		196,045
Payable to State Government		74,613		74,613
Unearned Revenue		185,880		185,880
Total Liabilities	357,334	558,158		915,492
Fund Balances:				
Restricted:				
Capital Reserve Account	211,677			211,677
Excess Surplus--Designated for Subsequent Year's Expenditures	146,681			146,681
Excess Surplus	207,068			207,068
Debt Service			\$ 5,629	5,629
Assigned:				
Other Purposes	331,927			331,927
Subsequent Year's Expenditures	31,274			31,274
Unassigned (Deficit)	(516,771)	(96,127)		(612,898)
Total Fund Balances (Deficit)	411,856	(96,127)	5,629	321,358
Total Liabilities and Fund Balances	\$ 769,190	\$ 462,031	\$ 5,629	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$50,115,631, and the accumulated depreciation is \$19,092,280.	31,023,351
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(17,650,911)
Accrued interest payable	(306,856)
Net Pension Liability	(4,181,721)
Accounts Payable related to the April 1, 2021 Required PERS pension contribution that is not to be liquidated with current financial resources.	(265,454)
Deferred Outflows of Resources - Related to Pensions	926,762
Deferred Outflows of Resources - Loss on Refunding of Debt	300,375
Deferred Inflows of Resources - Related to Pensions	(1,874,293)
Net position of governmental activities	<u>\$ 8,292,611</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Tax Levy	\$ 8,780,470		\$ 1,161,794	\$ 9,942,264
Tuition Charges	201,051			201,051
Interest	6,781			6,781
Transportation Charges	24,614			24,614
Unrestricted Miscellaneous Revenues	289,036			289,036
State Sources	14,984,233	\$ 1,242,490	110,544	16,337,267
Federal Sources	63,959	1,066,929		1,130,888
Local Sources	70,658	337,078		407,736
Total Revenues	24,420,802	2,646,497	1,272,338	28,339,637
EXPENDITURES:				
Current:				
Regular Instruction	7,091,963	875,610		7,967,573
Special Education Instruction	1,017,722	276,442		1,294,164
Other Special Instruction		21,385		21,385
Other Instruction	772,631			772,631
Support Services and Undistributed Costs:				
Tuition	1,690,768	362,126		2,052,894
Student and Instruction Related Services	2,318,578	925,283		3,243,861
General Administrative Services	475,209			475,209
School Administrative Services	990,920			990,920
Central Services	312,140			312,140
Administrative Information Technology	149,746			149,746
Plant Operations and Maintenance	1,401,227			1,401,227
Pupil Transportation	1,294,676			1,294,676
Unallocated Benefits	6,735,518	249,564		6,985,082
Debt Service:				
Principal			650,000	650,000
Interest and Other Charges	156,872		616,709	773,581
Capital Outlay	126,680			126,680
Total Expenditures	24,534,650	2,710,410	1,266,709	28,511,769
Excess (Deficiency) of Revenues over Expenditures	(113,848)	(63,913)	5,629	(172,132)
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of Refunding Bonds			7,065,000	7,065,000
Premium from Issuance of Refunding Bonds			862,375	862,375
Payment to Escrow for Refunding of 2020 General Obligation Bonds			(7,927,375)	(7,927,375)
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(113,848)	(63,913)	5,629	(172,132)
Fund Balance (Deficit) -- July 1	525,704	(32,214)	-	493,490
Fund Balance (Deficit) -- June 30	\$ 411,856	\$ (96,127)	\$ 5,629	\$ 321,358

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	(172,132)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(1,332,348)
Capital Outlays		<u>126,680</u>
		(1,205,668)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		650,000
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)</p>		
		(56,589)
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.</p>		
		149,291
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(38,165)
<p>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.</p>		
		<u>141,590</u>
Change in Net Position of Governmental Activities	\$	<u>(531,673)</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT

Proprietary Fund
Statement of Net Position
June 30, 2020

	Business-Type Activities - <u>Enterprise Fund</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 83,277
Accounts Receivable:	
State	1,737
Federal	16,792
Interfund	3,885
Inventories	<u>15,167</u>
Total Current Assets	<u>120,858</u>
Noncurrent Assets:	
Equipment	353,558
Less Accumulated Depreciation	<u>280,751</u>
Total Noncurrent Assets	<u>72,807</u>
Total Assets	<u>193,665</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>5,673</u>
Total Current Liabilities	<u>5,673</u>
NET POSITION:	
Net Investment in Capital Assets	72,807
Unrestricted	<u>115,185</u>
Total Net Position	<u>\$ 187,992</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 85,962
Daily Sales - Non-Reimbursable Programs	86,552
Special Functions	<u>850</u>
Total Operating Revenues	<u>173,364</u>
OPERATING EXPENSES:	
Salaries	230,837
Employee Benefits	32,257
Supplies and Materials	27,341
Cost of Sales - Reimbursable Programs	212,480
Cost of Sales - Non-Reimbursable Programs	37,437
Management Fee	65,633
Other Purchased Services	6,597
Depreciation	<u>10,210</u>
Total Operating Expenses	<u>622,792</u>
Operating Income (Loss)	<u>(449,428)</u>
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	6,509
Federal Sources:	
Healthy Hunger Free Kids Program	5,995
After School Snack	9,944
National School Lunch Program	199,887
Seamless Summer Option - COVID-19 Cares Act	38,264
School Breakfast Program	92,045
United States Department of Agriculture Commodities	53,357
Interest and Investment Revenue	<u>503</u>
Total Nonoperating Revenues	<u>406,504</u>
Change in Net Position	(42,924)
Total Net Position -- July 1	<u>230,916</u>
Total Net Position -- June 30	<u>\$ 187,992</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 173,869
Payments to Employees	(230,837)
Payments for Employee Benefits	(32,257)
Payments to Suppliers	<u>(303,001)</u>
Net Cash Provided by (used for) Operating Activities	<u>(392,226)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	<u>358,197</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>358,197</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	<u>503</u>
Net Cash Provided by (used for) Investing Activities	<u>503</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(33,526)
Cash and Cash Equivalents -- July 1	<u>116,803</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 83,277</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (449,428)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	10,210
Federal Commodities	53,357
(Increase) Decrease in Inventories	(10,676)
Increase (Decrease) in Other Current Liabilities	<u>4,311</u>
Total Adjustments	<u>57,202</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (392,226)</u></u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2020

	Agency Funds	
	Student Activity	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 265,437	\$ 20,333
Total Assets	\$ 265,437	\$ 20,333
LIABILITIES:		
Payable to Student Groups	\$ 265,437	
Payroll Deductions and Withholdings		\$ 20,333
Total Liabilities	\$ 265,437	\$ 20,333

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades kindergarten through 12 at the School District's three schools. The Borough of Clayton School District has an approximate enrollment at June 30, 2020 of 1,452.

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

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Government-wide and Fund Financial Statements(Cont'd)**

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The School District reports the following major governmental fund:

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

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

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

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

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

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

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

The School District maintains the following major proprietary funds:

Enterprise Fund

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

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.

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

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

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

The School District had no private-purpose trust fund activity during the fiscal year ended June 30, 2020.

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

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

Budgets / Budgetary Control

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

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

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

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

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

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

Encumbrances

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

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

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

Cash, Cash Equivalents and Investments

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

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.

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

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

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

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

Tuition Receivable

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2020. The School District had no prepaid expenses for the fiscal year ended June 30, 2020.

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.

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

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

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

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

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

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2020 and 2019 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, 2020, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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

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

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

Accrued Liabilities and Long-Term Obligations

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

Bond Discounts / Premiums

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

Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Activity

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

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

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

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, 2020:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2022. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

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

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

As of June 30, 2020, the School District's bank balance of \$1,950,564 was exposed to custodial credit risk as follows:

Insured	\$	993,487
Insured under GUDPA		957,077
Uninsured/Uncollateralized		<u>-</u>
	\$	<u>1,950,564</u>

Note 3: CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	161,060
Increased by:		
Interest Earnings		<u>617</u>
		161,677
Decreased by:		
Withdrawals		<u>-</u>
Ending Balance, June 30, 2020	\$	<u>161,677</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 is \$4,287,754. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLES

Accounts receivable at June 30, 2020 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey. All receivables are considered collectible.

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

	Governmental Funds		Total Governmental Activities	Proprietary Fund	Total Business-Type Activities	Total
	General Fund	Special Revenue Fund		Food Service Fund		
Federal Awards		\$ 139,615	\$ 139,615	\$ 16,792	\$ 16,792	\$ 156,407
State Awards	\$ 274,413	16,065	290,478	1,737	1,737	292,215
Other	78,275	61,961	140,236			140,236
Total	<u>\$ 352,688</u>	<u>\$ 217,641</u>	<u>\$ 570,329</u>	<u>\$ 18,529</u>	<u>\$ 18,529</u>	<u>\$ 588,858</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2020 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 13,269
Supplies	<u>1,898</u>
	<u>\$ 15,167</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2020</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 510,670			\$ 510,670
Total Capital Assets, not being Depreciated	510,670			510,670
Capital Assets, being Depreciated:				
Site Improvements	2,045,351			2,045,351
Buildings and Improvements	44,711,930	\$ 17,986		44,729,916
Equipment	2,721,000	108,694		2,829,694
Total Capital Assets, being Depreciated	49,478,281	126,680		49,604,961
Less Accumulated Depreciation for:				
Site Improvement	(1,096,821)	(75,936)		(1,172,757)
Building and Improvements	(14,914,001)	(1,043,071)		(15,957,072)
Equipment	(1,749,110)	(213,341)		(1,962,451)
Total Accumulated Depreciation	(17,759,932)	(1,332,348)		(19,092,280)
Total Capital Assets, being Depreciated, Net	31,718,349	(1,205,668)		30,512,681
Governmental Activities Capital Assets, Net	<u>\$ 32,229,019</u>	<u>\$ (1,205,668)</u>		<u>\$ 31,023,351</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 353,558			\$ 353,558
Less Accumulated Depreciation for:				
Equipment	(270,541)	\$ (10,210)		(280,751)
Total Business-Type Activities Capital Assets, Net	<u>\$ 83,017</u>	<u>\$ (10,210)</u>		<u>\$ 72,807</u>

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

Governmental Activities:

Instruction	\$ 842,006
Student & Instruction Related Services	219,792
General and Business Administrative Services	137,720
Plant Operations and Maintenance	132,830
Total Depreciation – Governmental Activities	<u>\$ 1,332,348</u>

Business-Type Activities:

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

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 17,227,000	\$ 7,065,000	\$ (8,277,000)	\$ 16,015,000	\$ 795,000
Unamortized Cost of Premium on Bonds		862,375		862,375	
Other Liabilities:					
Net Pension Liability Obligations under Capital Lease Compensated Absences	4,500,265	2,770,228	(3,088,772)	4,181,721	
	456,210		(149,291)	306,919	152,053
	428,452	230,016	(191,851)	466,617	116,654
Total Other Liabilities	5,384,927	3,000,244	(3,429,914)	4,955,257	268,707
Governmental Activities Long-term Liabilities	<u>\$ 22,611,927</u>	<u>\$10,927,619</u>	<u>\$(11,706,914)</u>	<u>\$ 21,832,632</u>	<u>\$1,063,707</u>

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

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

Principal due on the serial bonds is as follows:

<u>Date of Issue</u>	<u>Amount Of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Amount</u>
2010	\$ 10,017,000	2021	3.75-4.375%	\$ 370,000
2015	9,730,000	2021 to 2040	3.00-4.00%	8,580,000
2020	7,065,000	2021 to 2035	4.00%	7,065,000
				<u>\$ 16,015,000</u>

Note 7: LONG-TERM LIABILITIES (Cont'd)

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 795,000	\$ 482,495	\$ 1,277,495
2022	685,000	525,619	1,210,619
2023	715,000	500,619	1,215,619
2024	745,000	474,506	1,219,506
2025	775,000	447,381	1,222,381
2026-2030	4,370,000	1,861,225	6,231,225
2031-2035	5,340,000	1,011,094	6,351,094
2036-2040	2,590,000	295,138	2,885,138
	<u>\$ 16,015,000</u>	<u>\$ 5,598,077</u>	<u>\$ 21,613,077</u>

Bonds Authorized But Not Issued - As of June 30, 2020, the School District had no authorizations to issue additional bonded debt.

Obligation under Capital Lease - The School District is leasing bus equipment totaling \$700,552 under a capital lease. The capital lease is for a term of five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2020.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 152,053	\$ 5,678	\$ 157,731
2022	154,866	2,865	157,731
	<u>\$ 306,919</u>	<u>\$ 8,543</u>	<u>\$ 315,462</u>

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

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

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

Note 8: OPERATING LEASES

At June 30, 2020, the School District had operating lease agreements in effect for copy machines and postage machines. The present value of the future minimum rental payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 378,811
2022	338,577
2023	180,846
2024	<u>106,784</u>
	<u>\$ 1,005,018</u>

Rental payments under operating leases for the fiscal year ended June 30, 2020 were \$139,442.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. The DCRP is administered by Prudential Financial for the Division.

Each of the aforementioned plans have 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 plans' fiduciary net position that can be obtained by writing to or at the following website:

State of New Jersey, Department of the Treasury
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 ("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 Board of Trustees is primarily responsible for the administration of the Plan.

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

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 Plan.

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

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

Service retirement benefits of 1/55th 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.

Note 9: PENSION PLANS (CONT'D)**Vesting and Benefit Provisions (Cont'd)****Teachers' Pension and Annuity Fund (Cont'd)**

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 10 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.

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 P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2019, 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, 2020 was 15.84% 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, 2020 because of the 100.00% special funding situation with the State of New Jersey.

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

Based on the most recent TPAF measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2020 was \$1,585,808, and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$756,130.

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. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 14.32% 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, 2019, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$225,745, and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$140,444.

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 P.L. 2007, C. 92, and P.L. 2007, C. 103, 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 no 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, 2020, employee contributions totaled \$14,065, and the School District recognized pension expense, which equaled the required contributions, of \$7,672. 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**

Pension Liability - At June 30, 2020, the School District was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

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

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

School Districts Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	48,403,695
	<u>\$ 48,403,695</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. For the June 30, 2019 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 the June 30, 2019 measurement date, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.0788707028%, which was a decrease of 0.0038765598% from its proportion measured as of June 30, 2018.

Pension Expense - For the fiscal year ended June 30, 2020, the School District recognized \$2,854,979 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 plan's June 30, 2019 measurement date.

Public Employees' Retirement System

Pension Liability - At June 30, 2020, the School District reported a liability of \$4,181,721 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. 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, 2019 measurement date, the School District's proportion was 0.0232079509%, which was an increase of 0.0003517857% from its proportion measured as of June 30, 2018.

Pension Expense - For the fiscal year ended June 30, 2020, the School District recognized pension expense of \$84,154, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2019 measurement date.

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

Deferred Outflows and Inflows of Resources - At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences Between Expected and Actual Experience	\$ 75,056	\$ 18,473
Changes of Assumptions	417,560	1,451,462
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	66,010
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contribution	168,692	338,348
School District Contributions Subsequent to the Measurement Date	<u>265,454</u>	<u>-</u>
	<u>\$ 926,762</u>	<u>\$ 1,874,293</u>

Deferred outflows of resources in the amount of \$265,454 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

:

<u>Fiscal Year Ending June 30,</u>	<u>PERS</u>
2021	\$ (215,167)
2022	(460,198)
2023	(381,202)
2024	(219,239)
2025	<u>62,821</u>
	<u>\$ (1,212,985)</u>

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

Deferred Outflows and Inflows of Resources (Cont'd) - The other deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2019	-	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, 2019	-	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, 2019	-	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, 2019	5.63	5.63

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

The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2018. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The 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 Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2019 measurement date) 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 9: 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 the June 30, 2019 measurement date 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 -

Teachers' Pension and Annuity Fund - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers would be based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Discount Rate (Cont'd)**

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers would be based on 70% of the actuarially determined contributions for the State. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2019, the Plan's measurement date, attributable to the School District is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2019 (Plan's measurement date), attributable to the School District, calculated using the discount rate of 5.60% as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	TPAF		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability associated with the School District	57,078,670	48,403,695	41,206,205
	<u>\$ 57,078,670</u>	<u>\$ 48,403,695</u>	<u>\$ 41,206,205</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, 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 (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
School District's Proportionate Share of the Net Pension Liability	\$ 5,318,939	\$ 4,181,721	\$ 3,277,057

Note 9: PENSION PLANS (CONT'D)**Pension Plan Fiduciary Net Position**

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

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

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

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

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

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

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

Employees Covered by Benefit Terms - At June 30, 2019, 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	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	<u>-</u>
	<u>364,943</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the statement of net position.

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2020 was \$35,376,789. 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, 2019, and was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. For the June 30, 2019 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was 0.0847773019%, which was an increase of 0.0005154235% from its proportion measured as of June 30, 2018.

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, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases –

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Through 2026	1.55% - 3.05%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	1.55% - 3.05%	3.00% - 7.00%	3.25% - 15.25%

Based on years of service

Inflation Rate - 2.50%.

Mortality Rates - Current and future retiree healthy mortality rates were based on the PUB-2010 Healthy classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Disabled mortality was based on the PUB-2010 headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

Experience Studies - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS, and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate - The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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, 2019		\$ 38,853,854
Changes for the Year:		
Service Cost	\$ 1,534,306	
Interest Cost	1,542,825	
Difference Between Expected and Actual Experience	(6,027,896)	
Changes in Assumptions	527,471	
Gross Benefit Payments	(1,085,962)	
Member Contributions	<u>32,191</u>	
Net Changes		<u>(3,477,065)</u>
Balance at June 30, 2020		<u>\$ 35,376,789</u>

There were no changes in benefit terms between the June 30, 2018 measurement date and the June 30, 2019 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims, and premiums experience.

Changes of assumptions reflect a decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale, and mortality assumptions.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)**

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, 2019, associated with the School District, using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 41,793,968</u>	<u>\$ 35,376,789</u>	<u>\$ 30,279,334</u>

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2019, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 29,148,897</u>	<u>\$ 35,376,789</u>	<u>\$ 43,621,239</u>

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

OPEB Expense - For the fiscal year ended June 30, 2020, the School District recognized \$793,557 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, 2019 measurement date.

Deferred Outflows and Inflows of Resources - 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, 2020, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	\$ 280,210	\$ 1,231,504
Difference Between Expected and Actual Experience		8,888,871
Changes of Assumptions		7,190,412
	<u>\$ 280,210</u>	<u>\$ 17,310,787</u>

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

Deferred Outflows and Inflows of Resources (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:

Fiscal Year Ending June 30,	
2021	\$ (2,290,298)
2022	(2,290,298)
2023	(2,290,298)
2024	(2,290,298)
2025	(2,290,298)
Thereafter	<u>(5,579,087)</u>
	<u>\$ (17,030,577)</u>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, non-contributory insurance, and long-term disability insurance were \$1,807,833, \$682,694, \$32,403 and \$1,826, respectively.

Note 12: RISK MANAGEMENT

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

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

Note 13: DEFERRED COMPENSATION

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

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

Note 14: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, the liability for compensated absences reported on the government-wide statement of net position was \$466,617.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfunds - The composition of interfund balances as of June 30, 2020 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 192,160	
Special Revenue		\$ 196,045
Food Service	3,885	
	<u>\$ 196,045</u>	<u>\$ 196,045</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.

Note 16: CAPITAL DEBT REFUNDING

On May 14, 2020, the School District issued \$7,065,000 in general obligation bonds with an interest rate of 4.00% to advance refund \$7,982,000 of outstanding 2010 series bonds with an interest rate of 3.75%. The net proceeds of \$7,780,761 (after payment of issuance costs) were used to purchase U.S Treasury Bills. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2010 series bonds. As a result of the current refunding, the School District will reduce its total debt service payments over the next ten years by almost \$1,092,000, which results in an economic gain (difference between the present values of the debt service payment of the old and new debt) of \$932,473 or 12.2% of the principal amount being refunded. The current refunding meets the requirements of an in substance defeasance and the liability for the refunded bonds was removed from the School District's financial statements.

Note 17: 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 18: 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 19: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$516,771 in the general fund and \$96,127 in the special revenue fund as of June 30, 2020 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 \$612,898 is less than the June state aid payments.

Note 20: FUND BALANCES**RESTRICTED**

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

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$207,068. Additionally, \$146,681 of excess fund balance generated during 2018-2019 has been restricted and designated for utilization in the 2020-2021 budget.

For Capital Reserve Account - As of June 30, 2020, the balance in the capital reserve account is \$211,677. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Debt Service Reserve - In accordance with N.J.S.A. 18A 7F-41(c)(2), the School District has established a debt service reserve in the amount of \$5,629 as of June 30, 2020. These funds were derived from the proceeds from the sale of school district property. The funds are to be used to retire any outstanding debt service obligation of the School District. The debt service reserve is to be liquidated within the lesser of five years from its inception or the remaining term on the obligations. Any remaining balance must be used for tax relief.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2020 \$31,274 of general fund balance at June 30, 2020.

Other Purposes - As of June 30, 2020, the School District had \$331,927 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, 2020, (\$516,771) of general fund balance (deficit) was unassigned.

Note 20: FUND BALANCES**UNASSIGNED (CONT'D)**

Special Revenue Fund - As of June 30, 2020, the fund balance of the special revenue fund was a deficit of \$96,127, 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 19, 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 \$96,127 is the same as the last state aid payment.

Note 21: SUBSEQUENT EVENTS

COVID-19 – On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase of exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,780,470		\$ 8,780,470	\$ 8,780,470	
Other Local Government Units	69,658		69,658	70,658	\$ 1,000
Tuition - from Individual				20,292	20,292
Tuition - LEAs w/in state	182,992		182,992	180,759	(2,233)
Interest		\$ 9,000	9,000	6,531	(2,469)
Unrestricted Misc. Revenues	299,000	(9,000)	290,000	289,036	(964)
Interest Earned on Capital Reserve	250		250	250	-
Transportation Fees - from other LEAs within State	5,001		5,001	24,614	19,613
Total - Local Sources	9,337,371	-	9,337,371	9,372,610	35,239
State Sources:					
School Choice Aid	95,670		95,670	95,670	-
Equalization Aid	9,876,633		9,876,633	9,876,633	-
Nonpublic Transportation Aid				4,930	4,930
Extraordinary Aid	85,000		85,000	228,812	143,812
Categorical Special Education Aid	1,061,043		1,061,043	1,061,043	-
Categorical Security Aid	269,252		269,252	269,252	-
Categorical Transportation Aid	289,926		289,926	289,926	-
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				1,807,833	1,807,833
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				32,403	32,403
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				1,826	1,826
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				682,694	682,694
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				717,646	717,646
Total - State Sources	11,677,524	-	11,677,524	15,068,668	3,391,144
Federal Sources:					
Medicaid Reimbursement	52,871		52,871	63,959	11,088
Total - Federal Sources	52,871	-	52,871	63,959	11,088
Total Revenues	21,067,766	-	21,067,766	24,505,237	3,437,471

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool / Kindergarten	\$ 402,910	\$ 14,384	\$ 417,294	\$ 417,294	
Grades 1-5	1,996,531	42,637	2,039,168	2,039,168	
Grades 6-8	1,642,699	(37,718)	1,604,981	1,597,725	\$ 7,256
Grades 9-12	1,959,729	23,939	1,983,668	1,981,572	2,096
Regular Programs - Home Instruction:					
Salaries of Teachers	17,000	(15,440)	1,560	1,560	
Regular Programs - Undistributed Instruction:					
Purchased Professional / Educational Services	532,606	34,372	566,978	566,595	383
Purchased Professional and Technical Services	70,646	(13,423)	57,223	55,308	1,915
Other Purchased Services	7,140	(4,000)	3,140	2,307	833
General Supplies	383,678	(5,837)	377,841	324,417	53,424
Textbooks	79,624	19,500	99,124	97,617	1,507
Other Objects	9,000		9,000	8,400	600
Total Regular Programs	<u>7,101,563</u>	<u>58,414</u>	<u>7,159,977</u>	<u>7,091,963</u>	<u>68,014</u>
Special Education - Instruction:					
Behavioral Disabilities					
Salaries of Teachers	213,192	(77,642)	135,550	135,550	-
Other Salaries for Instruction		64,435	64,435	64,435	-
Purchased Services	121,706	(98,699)	23,007	12,954	10,053
General Supplies	3,500	(1,029)	2,471	2,470	1
Total Behavioral Disabilities	<u>338,398</u>	<u>(112,935)</u>	<u>225,463</u>	<u>215,409</u>	<u>10,054</u>
Multiple Disabilities					
Salaries of Teachers	117,450	5,054	122,504	122,502	2
Other Salaries for Instruction	3,000	(2,048)	952	951	1
Purchased Services	32,334	5,904	38,238	36,978	1,260
General Supplies	5,000	(2,200)	2,800	2,277	523
Total Multiple Disabilities	<u>157,784</u>	<u>6,710</u>	<u>164,494</u>	<u>162,708</u>	<u>1,786</u>
Resource Room / Resource Center:					
Salaries of Teachers	578,207	2,815	581,022	566,744	14,278
Other Salaries for Instruction	40,194	(21,262)	18,932	18,931	1
Total Resource Room / Resource Center	<u>618,401</u>	<u>(18,447)</u>	<u>599,954</u>	<u>585,675</u>	<u>14,279</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

EXPENDITURES (CONT'D):	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Home Instruction					
Salaries of Teachers	\$ 7,500	\$ 10,360	\$ 17,860	\$ 17,860	
Purchase Professional - Educational Services	<u>7,000</u>	<u>61,469</u>	<u>68,469</u>	<u>36,070</u>	\$ 32,399
Total Home Instruction	<u>14,500</u>	<u>71,829</u>	<u>86,329</u>	<u>53,930</u>	<u>32,399</u>
Total Special Education - Instruction	<u>1,129,083</u>	<u>(52,843)</u>	<u>1,076,240</u>	<u>1,017,722</u>	<u>58,518</u>
Basis Skills / Remedial - Instruction					
Salaries of Teachers	74,543	81,711	156,254	156,253	1
Other Salaries	<u>25,419</u>	<u>61</u>	<u>25,480</u>	<u>25,480</u>	
Total Basis Skills / Remedial - Instruction	<u>99,962</u>	<u>81,772</u>	<u>181,734</u>	<u>181,733</u>	<u>1</u>
Bilingual Education - Instruction:					
Salaries of Teachers	<u>112,227</u>	<u>(30,974)</u>	<u>81,253</u>	<u>81,253</u>	
Total Bilingual Education - Instruction	<u>112,227</u>	<u>(30,974)</u>	<u>81,253</u>	<u>81,253</u>	<u>-</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	125,247	(2,376)	122,871	112,174	10,697
Purchased Services	6,700	(324)	6,376	6,376	-
Purchased Services Drivers Ed		700	700	514	186
Supplies and Materials	9,400	(960)	8,440	3,169	5,271
Other Objects - Cocurricular	<u>7,981</u>	<u>819</u>	<u>8,800</u>	<u>6,800</u>	<u>2,000</u>
Total School Sponsored Cocurricular Activities - Instruction	<u>149,328</u>	<u>(2,141)</u>	<u>147,187</u>	<u>129,033</u>	<u>18,154</u>
School Sponsored Athletics - Instruction:					
Salaries	232,639	7,474	240,113	225,865	14,248
Purchased Services	75,349	(4,810)	70,539	70,536	3
Supplies and Materials	37,975	(10,753)	27,222	26,678	544
Other Objects	<u>34,000</u>	<u>(869)</u>	<u>33,131</u>	<u>32,741</u>	<u>390</u>
Total School Sponsored Athletics - Instruction	<u>379,963</u>	<u>(8,958)</u>	<u>371,005</u>	<u>355,820</u>	<u>15,185</u>
Instructional/Alternative Education Program - Instruction					
Salaries	<u>38,768</u>	<u>(10,000)</u>	<u>28,768</u>	<u>24,792</u>	<u>3,976</u>
Total Instructional/Alternative Education Program - Instruction	<u>38,768</u>	<u>(10,000)</u>	<u>28,768</u>	<u>24,792</u>	<u>3,976</u>
Total Instruction	<u>9,010,894</u>	<u>35,270</u>	<u>9,046,164</u>	<u>8,882,316</u>	<u>163,848</u>

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BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 38,962	\$ 42,965	\$ 81,927	\$ 80,961	\$ 966
Tuition to Other LEA's Within State - Special	156,841	37,440	194,281	194,280	1
Tuition To Cty Sch. - Reg	73,440	1,224	74,664	73,562	1,102
Tuition to CSSD & Reg. Day Schools	545,930	(54,177)	491,753	491,733	20
Tuition to Private Schools for the Disabled - Within State	984,330	(132,221)	852,109	841,232	10,877
Tuition - State Facilities	9,000		9,000	9,000	
Total Undistributed Expenditures - Instruction	<u>1,808,503</u>	<u>(104,769)</u>	<u>1,703,734</u>	<u>1,690,768</u>	<u>12,966</u>
Undistributed Expenditures - Health Services:					
Salaries	116,389	2,609	118,998	118,311	687
Purchased Professional and Technical Services	21,900	(2,335)	19,565	19,563	2
Other Purchased Services	2,250	(81)	2,169	2,075	94
Supplies and Materials	4,350		4,350	3,521	829
Other Objects	85		85	85	85
Total Undistributed Expenditures - Health Services	<u>144,974</u>	<u>193</u>	<u>145,167</u>	<u>143,470</u>	<u>1,697</u>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	148,982	(7,413)	141,569	140,643	926
Purchased Professional - Educational Services	85,600	15,374	100,974	100,973	1
Supplies and Materials	2,100	219	2,319	1,746	573
Total Undistributed Expenditures - Other Support Services - Students - Related Services	<u>236,682</u>	<u>8,180</u>	<u>244,862</u>	<u>243,362</u>	<u>1,500</u>
Undistributed Expenditures - Other Support Services - Students - Extraordinary:					
Salaries	49,707	(191)	49,516	49,516	
Purchased Professional - Educational Services	237,260	242,824	480,084	480,054	30
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary	<u>286,967</u>	<u>242,633</u>	<u>529,600</u>	<u>529,570</u>	<u>30</u>

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BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Other Support Services -					
Students - Guidance:					
Salaries of Other Professional Staff	\$ 403,750	\$ (1,280)	\$ 402,470	\$ 402,468	\$ 2
Salaries of Secretarial and Clerical Assistants	35,805	444	36,249	36,247	2
Purchased Professional - Educational Services	7,700	(1,094)	6,606	4,878	1,728
Other Purchased Professional and Technical Services	13,600		13,600	12,892	708
Other Purchased Services (400-500 series)	8,500	(404)	8,096	6,028	2,068
Supplies and Materials	7,050	(75)	6,975	5,560	1,415
Other objects	975	75	1,050	1,045	5
	<u>477,380</u>	<u>(2,334)</u>	<u>475,046</u>	<u>469,118</u>	<u>5,928</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Guidance					
	<u>477,380</u>	<u>(2,334)</u>	<u>475,046</u>	<u>469,118</u>	<u>5,928</u>
Undistributed Expenditures - Other Support Services -					
Students - Child Study Team:					
Salaries of Other Professional Staff	275,700	40,283	315,983	311,661	4,322
Salaries of Secretarial and Clerical Assistants	40,071	(78)	39,993	39,993	
Other Salaries	3,946	(2,146)	1,800	1,339	461
Purchased Professional - Educational Services	68,000	(47,965)	20,035	14,138	5,897
Other Purchased Professional and Technical Services	11,000	(1,680)	9,320	9,320	
Other Purchased Services	22,000	(5,089)	16,911	14,860	2,051
Supplies and Materials	6,000	(1,365)	4,635	4,618	17
Other Objects	1,225	130	1,355	1,354	1
	<u>427,942</u>	<u>(17,910)</u>	<u>410,032</u>	<u>397,283</u>	<u>12,749</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Child Study Team					
	<u>427,942</u>	<u>(17,910)</u>	<u>410,032</u>	<u>397,283</u>	<u>12,749</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	264,910	1,180	266,090	266,088	2
Other Salaries	54,542	(9,191)	45,351	40,630	4,721
Purchased Professional / Education Services	35,791	(14,415)	21,376	21,375	1
Other Purch Prof. and Tech. Services	18,000	(370)	17,630	17,345	285
Other Purchased Services	2,500	(1,045)	1,455	848	607
Supplies and Materials	4,800	(3,622)	1,178	1,177	1
Other Objects	3,380	(409)	2,971	2,971	-
	<u>383,923</u>	<u>(27,872)</u>	<u>356,051</u>	<u>350,434</u>	<u>5,617</u>
Total Undistributed Expenditures - Improvement of Instruction Services					

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expend. - Educational Media Services / Sch Library:					
Salaries	\$ 112,695	\$ (788)	\$ 111,907	\$ 94,497	\$ 17,410
Salaries of Technology Coordinators	73,360	(520)	72,840	72,840	
Other Purchased Services	7,200	(2,700)	4,500	4,309	191
Supplies and Materials	6,513		6,513	6,351	162
Total Undistributed Expend. - Educational Media Services / Sch Library	<u>199,768</u>	<u>(4,008)</u>	<u>195,760</u>	<u>177,997</u>	<u>17,763</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services	12,000	(3,155)	8,845	7,344	1,501
Supplies and Materials	1,000		1,000		1,000
Total Undistributed Expenditures - Instructional Staff Training Services	<u>13,000</u>	<u>(3,155.00)</u>	<u>9,845</u>	<u>7,344</u>	<u>2,501</u>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	219,237		219,237	218,081	1,156
Legal Services	20,000	(7,523)	12,477	12,058	419
Audit Fees	30,000	1,750	31,750	31,750	
Architectural/Engineering Services	5,000	(5,000)			-
Other Purchased Professional Services	6,143	2,839	8,982	8,278	704
Purchased Technical Services	5,000		5,000	4,685	315
Rentals		57,601	57,601	57,446	155
Communications / Telephone	90,796	(7,936)	82,860	81,710	1,150
Suppt Travel		3,000	3,000	917	2,083
BOE Other Purchased Services	3,600	1,336	4,936	4,560	376
Other Purchased Services	113,907	(76,551)	37,356	37,330	26
General Supplies	4,500	2,000	6,500	6,173	327
Miscellaneous Expenditures	16,339	(3,511)	12,828	12,221	607
Total Undistributed Expenditures - Support Services - General Admin	<u>514,522</u>	<u>(31,995)</u>	<u>482,527</u>	<u>475,209</u>	<u>7,318</u>
Undistributed Expenditures - Support Services - School Admin:					
Salaries of Principals / Assistant Principals	533,730	(10,253)	523,477	523,231	246
Salaries of Other Professional Staff	224,317	69	224,386	223,246	1,140
Salaries of Secretarial and Clerical Assistants	233,384	(2,982)	230,402	229,700	702
Other Purchased Services (400-500 series)	900	625	1,525	896	629
Supplies and Materials	10,300	(533)	9,767	8,477	1,290
Other Objects	5,690	(310)	5,380	5,370	10
Total Undistributed Expenditures - Support Services - School Admin.	<u>1,008,321</u>	<u>(13,384)</u>	<u>994,937</u>	<u>990,920</u>	<u>4,017</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Central Services					
Salaries	\$ 270,933	\$ 9,000	\$ 279,933	\$ 279,393	\$ 540
Purchased Professional Services	2,000	943	2,943	2,443	500
Purchased Technical Services	22,358	1,225	23,583	23,479	104
Miscellaneous Purchased Services	500	(450)	50	50	0
Supplies and Materials	5,000	810	5,810	5,735	75
Other Object	1,268		1,268	1,090	178
Total Undistributed Expenditures - Central Services	302,059	11,528	313,587	312,140	1,447
Undistributed Expenditures - Admin. Info. Technology					
Salaries	92,390		92,390	92,390	0
Purchased Professional Services	1,750		1,750	1,300	450
Purchased Technical Services	34,645	3,142	37,787	35,965	1,822
Other Purchased Services	2,175	11,587	13,762	13,761	1
Supplies and Materials	14,500	(7,587)	6,913	6,330	583
Total Undistributed Expenditures - Admin. Info. Technology	145,460	7,142	152,602	149,746	2,856
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	92,531	(7,188)	85,343	85,343	0
Cleaning, Repair and Maintenance Services	34,350	23,764	58,114	57,483	631
General Supplies	36,814	(1,248)	35,566	35,383	183
Total Undistributed Expenditures - Required Maintenance for School Facilities	163,695	15,328	179,023	178,209	814
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	335,949	(18,788)	317,161	303,874	13,287
Purchased Professional Services		250	250	230	20
Cleaning, Repair and Maintenance Services	37,800	13,258	51,058	49,583	1,475
Other Purchased Services	36,838	(3,057)	33,781	33,781	0
Insurance	76,542	(23,587)	52,955	52,955	0
General Supplies	53,326	16,922	70,248	61,094	9,154
Energy (Natural Gas)	120,000	(49,627)	70,373	67,838	2,535
Energy (Electricity)	477,858	(56,292)	421,566	419,510	2,056
Other Objects	500	919	1,419	1,419	0
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,138,813	(120,002)	1,018,811	990,284	28,527
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	45,699	3,935	49,634	49,634	0
Cleaning, Repair & Maintenance Services	32,000	(4,765)	27,235	26,822	413
General Supplies	23,256	(6,595)	16,661	16,606	55
Total Undistributed Expenditures - Care & Upkeep Grounds	100,955	(7,425)	93,530	93,062	468

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BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
Undistributed Expenditures - Security					
Salaries	\$ 83,238	\$ (9,177)	\$ 74,061	\$ 74,061	
Purchased Technical Services	52,240	(52,240)			
SRO		46,178	46,178	46,028	\$ 150
Cleaning, Repair, and Maintenance	30,247	(30,247)			
General Supplies		20,247	20,247	19,583	664
	<u>165,725</u>	<u>(25,239)</u>	<u>140,486</u>	<u>139,672</u>	<u>814</u>
Total Undistributed Expenditures - Security					
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	24,524	11,860	36,384	36,384	
Sal for Pupil Trans (Bet Home & Sch) - Reg.	201,618	(13,210)	188,408	188,405	3
Sal for Pupil Trans (Bet Home & Sch) - Sp Ed	37,443	39,028	76,471	74,426	2,045
Sal for Pupil Trans (Other than Bet. Home & Sch)	16,000	17,449	33,449	33,448	1
Other Purchased Professional / Technical Services	39,081	(2,000)	37,081	36,572	509
Cleaning, Repair and Maintenance Services	26,000		26,000	25,239	761
Lease Purchase Payments - School Buses	81,996		81,996	81,995	1
Contracted Services - Aid in Lieu of Payments - NonPub Sch	25,000	(3,200)	21,800	14,484	7,316
Contracted Services - Aid in Lieu - Choice Students	15,000	(6,450)	8,550	5,003	3,547
Contracted Services - (Other than Bet Home & Sch) - Vendors	12,000	22,000	34,000	22,297	11,703
Contracted Services - (Between Home and School) - Joint Agreement	121,747	101,064	222,811	222,705	106
Contracted Services (Special Education Students) - Joint Agreements	655,000	(62,294)	592,706	582,481	10,225
Miscellaneous Purchased Services - Transportation	15,511	200	15,711	15,682	29
Supplies and Materials	5,216	(3,624)	1,592		1,592
Transportation Supplies	66,052	(6,739)	59,313	25,723	33,590
Miscellaneous Expenditures	1,500	272	1,772	1,467	305
	<u>1,343,688</u>	<u>94,356</u>	<u>1,438,044</u>	<u>1,366,311</u>	<u>71,733</u>
Total Undistributed Expenditures - Student Transportation Services					
Unallocated Benefits:					
Social Security Contributions	250,000	29,536	279,536	275,123	4,413
Other Retirement Contributions - Regular	263,562	(35,800)	227,762	227,418	344
Other Retirement		16,633	16,633	11,547	5,086
Unemployment Compensation	59,295	(9,642)	49,653	47,905	1,748
Workman's Compensation	135,278	7,849	143,127	143,126	1
Health Benefits	2,738,806	(83,569)	2,655,237	2,655,237	
Tuition Reimbursement	30,000	(5,109)	24,891	23,492	1,399
Other Employee Benefits	140,000	(30,732)	109,268	109,268	
	<u>3,616,941</u>	<u>(110,834)</u>	<u>3,506,107</u>	<u>3,493,116</u>	<u>12,991</u>
Total Unallocated Benefits					

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BOROUGH OF CLAYTON SCHOOL DISTRICT
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 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
On-behalf T.P.A.F. Pension Contributions (non-budgeted)				\$ 1,807,833	\$ (1,807,833)
On-behalf T.P.A.F. Pension - Non-Contributory Insurance (non-budgeted)				32,403	(32,403)
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				1,826	(1,826)
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				682,694	(682,694)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				717,646	(717,646)
Total On-behalf Contributions	-	-	-	3,242,402	(3,242,402)
Total Undistributed Expenditures	\$ 12,479,318	\$ (89,567)	\$ 12,389,751	15,440,417	(3,050,666)
Total Current Expense	21,490,212	(54,297)	21,435,915	24,322,733	(2,886,818)
Capital Outlay:					
Interest Deposit to Capital Reserve	250	(250)			
Equipment:					
Grades 9-12		10,290	10,290	10,290	-
Undistributed Expenditures:					
Admin Information Technology		6,770	6,770	6,769	1
Security	30,064	(12,078)	17,986	17,986	-
School Bus - Regular		249,024	249,024	20,000	229,024
Total Equipment	30,064	254,006	284,070	55,045	229,025
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	156,872		156,872	156,872	-
Total Facilities Acquisition and Construction Services	156,872	-	156,872	156,872	-
Total Capital Outlay	187,186	253,756	440,942	211,917	229,025
Transfer of Funds to Charter Schools	17,100	(17,100)			
Total Transfer of Funds to Charter Schools	17,100	(17,100)			-
Total Expenditures	21,694,498	182,359	21,876,857	24,534,650	(2,657,793)

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (626,732)	\$ (182,359)	\$ (809,091)	\$ (29,413)	\$ 779,678
Other Financing Sources (Uses):					
Local Contribution - Transfer to Special Revenue Fund - Inclusion	(130,000)	130,000	-	-	
Total Other Financing Sources (Uses)	(130,000)	130,000			-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(756,732)	(52,359)	(809,091)	(29,413)	779,678
Fund Balances, July 1	1,532,627		1,532,627	1,532,627	-
Fund Balances, June 30	\$ 775,895	\$ (52,359)	\$ 723,536	\$ 1,503,214	\$ 779,678
Recapitulation:					
Restricted:					
Capital Reserve				\$ 211,677	
Excess Surplus				207,068	
Excess Surplus--Designated for Subsequent Year's Expenditures				146,681	
Assigned:					
Other Purposes				331,927	
Designated for Subsequent Year's Expenditures				31,274	
Unassigned				574,587	
				1,503,214	
Reconciliation to Governmental Funds Statements(GAAP):					
Last 19-20 State Aid Payment Not Recognized on GAAP Basis				(1,091,358)	
				\$ 411,856	

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources					
CCC Grant		\$ 335,300	\$ 335,300	\$ 317,231	\$ (18,069)
Other Local Grants	\$ 7,418	6,822	14,240	19,847	5,607
Preschool Tuition	20,000		20,000	-	(20,000)
Total - Local Sources	<u>27,418</u>	<u>342,122</u>	<u>369,540</u>	<u>337,078</u>	<u>(32,462)</u>
State Sources:					
NJ Non-Public Nursing	20,160	(1,633)	18,527	18,527	
NJ Non-Public Textbook Aid	12,790	(2,828)	9,962	9,929	(33)
NJ Non-Public Technology	5,824	980	6,804	6,759	(45)
NJ Non-Public Security	31,650	(3,000)	28,650	28,640	(10)
Chapter 192 - Auxiliary Services	82,132	2,083	84,215	48,192	(36,023)
Chapter 193 - Handicapped Services	85,493	(26,163)	59,330	47,821	(11,509)
Preschool Education Aid	1,208,547	(244,937)	963,610	919,411	(44,199)
School Based Youth Service Program	228,704		228,704	216,103	(12,601)
Family Friendly Center	45,463		45,463	31,206	(14,257)
Total - State Sources	<u>1,720,763</u>	<u>(275,498)</u>	<u>1,445,265</u>	<u>1,326,588</u>	<u>(118,677)</u>
Federal Sources:					
Title I	226,869	175,987	402,856	366,717	(36,139)
Title IIA	25,606	55,568	81,174	40,496	(40,678)
Title III		9,315	9,315	8,097	(1,218)
I.D.E.I.A., Part B	331,277	63,382	394,659	394,249	(410)
I.D.E.I.A., Part B, Preschool Incentive		18,674	18,674	18,674	-
Cares Act	311,635		311,635		(311,635)
Mentoring Grant	250,000	94,698	344,698	233,184	(111,514)
Total - Federal Sources	<u>1,145,387</u>	<u>417,624</u>	<u>1,563,011</u>	<u>1,061,417</u>	<u>(501,594)</u>
Total Revenues	<u>2,893,568</u>	<u>484,248</u>	<u>3,377,816</u>	<u>2,725,083</u>	<u>(652,733)</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 657,368	\$ 82,958	\$ 740,326	\$ 686,051	\$ 54,275
Other Salaries for Instruction		47,219	47,219	23,385	23,834
Purchased Professional and Technical Services	17,824	182,925	200,749	188,214	12,535
Other Purchased Services	285,763	(129,506)	156,257	143,814	12,443
General Supplies	189,193	1,888	191,081	148,594	42,487
Tuition	331,277	30,849	362,126	362,126	-
Other Objects	2,015	538	2,553	323	2,230
Total Instruction	<u>1,483,440</u>	<u>216,871</u>	<u>1,700,311</u>	<u>1,552,507</u>	<u>147,804</u>
Support Services:					
Salaries Personal Services	810,061	131,814	941,875	611,413	330,462
Personal Services - Employee Benefits	161,564	104,144	265,708	249,564	16,144
Purchased Professional - Educational Services	269,831	12,298	282,129	198,646	83,483
Other Purchased Services (400-500 series)	84,146	43,903	128,049	93,991	34,058
Supplies and Materials	12,130	18,147	30,277	11,495	18,782
Other Objects	52,396	(42,929)	9,467	7,467	2,000
Total Support Services	<u>1,390,128</u>	<u>267,377</u>	<u>1,657,505</u>	<u>1,172,576</u>	<u>484,929</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	20,000	-	20,000	-	20,000
Total Facilities Acquisition and Construction Services	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures	<u>2,893,568</u>	<u>484,248</u>	<u>3,377,816</u>	<u>2,725,083</u>	<u>652,733</u>
Total Outflows	<u>2,893,568</u>	<u>484,248</u>	<u>3,377,816</u>	<u>2,725,083</u>	<u>652,733</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2020

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 24,505,237	\$ 2,725,083
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(24,359)
Prior Year		9,687
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2019		
	1,006,923	32,214
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2020		
	<u>(1,091,358)</u>	<u>(96,127)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 24,420,802</u>	<u>\$ 2,646,497</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 24,534,650	\$ 2,725,083
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(24,359)
Prior Year		9,687
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 24,534,650</u>	<u>\$ 2,710,410</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

ACCOUNTING AND REPORTING FOR PENSIONS

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

	<u>Measurement Date Ending June 30,</u>						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0232079509%	0.0228561652%	0.0226114570%	0.0255715502%	0.0243821386%	0.0262924299%	0.0261298390%
School District's Proportionate Share of the Net Pension Liability	\$ 4,181,721	\$ 4,500,265	\$ 5,263,586	\$ 7,573,560	\$ 5,473,302	\$ 4,922,662	\$ 4,993,931
School District's Covered Payroll (Plan Measurement Period)	\$ 1,719,824	\$ 1,664,280	\$ 1,625,892	\$ 1,874,560	\$ 1,756,660	\$ 2,007,976	\$ 1,913,688
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	243.15%	270.40%	323.74%	404.02%	311.57%	245.16%	260.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	<u>Fiscal Year Ended June 30,</u>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 265,454	\$ 227,087	\$ 227,345	\$ 209,471	\$ 227,174	\$ 209,621	\$ 216,751
Contributions in Relation to the Contractually Required Contribution	<u>(265,454)</u>	<u>(227,087)</u>	<u>(227,345)</u>	<u>(209,471)</u>	<u>(227,174)</u>	<u>(209,621)</u>	<u>(216,751)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 1,854,146	\$ 1,717,012	\$ 1,624,947	\$ 1,567,526	\$ 1,629,925	\$ 1,719,534	\$ 1,706,336
Contributions as a Percentage of School District's Covered Payroll	14.32%	13.23%	13.99%	13.36%	13.94%	12.19%	12.70%

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

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

	Measurement Date Ending June 30,						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	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><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></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>48,403,695</u>	<u>52,642,031</u>	<u>55,321,111</u>	<u>63,491,764</u>	<u>51,113,899</u>	<u>42,254,253</u>	<u>39,378,966</u>
	<u><u>\$ 48,403,695</u></u>	<u><u>\$ 52,642,031</u></u>	<u><u>\$ 55,321,111</u></u>	<u><u>\$ 63,491,764</u></u>	<u><u>\$ 51,113,899</u></u>	<u><u>\$ 42,254,253</u></u>	<u><u>\$ 39,378,966</u></u>
School District's Covered Payroll (Plan Measurement Period)	\$ 10,272,036	\$ 10,137,752	\$ 10,239,960	\$ 9,829,000	\$ 9,408,144	\$ 9,437,536	\$ 9,068,600
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	471.22%	519.27%	540.25%	645.96%	543.29%	447.73%	434.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

This schedule is not applicable.

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

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2020

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, 4.86% 2018 and 5.60% 2019.

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, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2015 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males, and a 100.3% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2012- 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, 5.66% 2018, and 6.28% 2019.

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, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

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

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

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

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

	<u>Measurement Date Ending June 30,</u>		
	<u>2019</u>	<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	\$ 1,534,306	\$ 1,738,259	\$ 2,097,019
Interest Cost	1,542,825	1,709,899	1,477,512
Difference Between Expected and Actual Experience	(6,027,896)	(5,653,978)	
Changes in Assumptions	527,471	(4,458,674)	(6,276,071)
Gross Benefit Payments	(1,085,962)	(1,038,938)	(1,077,534)
Member Contributions	32,191	35,907	39,678
Net Change in Total Non-Employer OPEB Liability	(3,477,065)	(7,667,525)	(3,739,396)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	38,853,854	46,521,379	50,260,775
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 35,376,789</u>	<u>\$ 38,853,854</u>	<u>\$ 46,521,379</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 11,176,140</u>	<u>\$ 10,424,378</u>	<u>\$ 9,894,593</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	316.54%	372.72%	470.17%

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2020

Changes in Benefit Terms - None

Differences Between Expected and Actual Experience - The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience. The decrease in liability from June 30, 2018 to June 30, 2019 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. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	<u>Total</u>	<u>Other Local Grants</u>	<u>CCC Grant</u>	<u>Chapter 192</u>			<u>Chapter 193</u>			<u>Total Carried Forward</u>
				<u>Nonpublic Compensatory Education</u>	<u>Nonpublic E.S.L.</u>	<u>Nonpublic Transportation</u>	<u>Nonpublic Examination and Classification</u>	<u>Nonpublic Corrective Speech</u>	<u>Nonpublic Supplementary Instruction</u>	
REVENUES:										
Federal Sources	\$ 1,061,417									\$ 1,061,417
State Sources	1,326,588			\$ 41,777	\$ 3,309	\$ 3,106	\$ 16,356	\$ 20,780	\$ 10,685	1,230,575
Local Sources	337,078	\$ 19,847	\$ 317,231							-
Total Revenues	\$ 2,725,083	\$ 19,847	\$ 317,231	\$ 41,777	\$ 3,309	\$ 3,106	\$ 16,356	\$ 20,780	\$ 10,685	\$ 2,291,992
EXPENDITURES:										
Instruction:										
Salaries of Teachers	\$ 686,051	\$ 2,650	\$ 62,890							\$ 620,511
Other Salaries for Instruction	23,385	2,000								21,385
Purchased Professional and Technical Services	188,214	200	108,909							79,105
Other Purchased Services	143,814	7,726	31							136,057
General Supplies	148,594	3,136	45,966							99,492
Tuition	362,126									362,126
Other Objects	323									323
Total Instruction	1,552,507	15,712	217,796	-	-	-	-	-	-	1,318,999
Support Services:										
Salaries Personal Services	611,413	4,000	93,670							513,743
Personal Services - Employee Benefits	249,564	135	5,194							244,235
Purchased Professional - Educational Services	198,646			\$ 41,777	\$ 3,309	\$ 3,106	\$ 16,356	\$ 20,780	\$ 10,685	102,633
Other Purchased Services (400-500 series)	93,991									93,991
Supplies and Materials	11,495									11,495
Other Objects	7,467		571							6,896
Total Support Services	1,172,576	4,135	99,435	41,777	3,309	3,106	16,356	20,780	10,685	972,993
Total Expenditures	2,725,083	19,847	317,231	41,777	3,309	3,106	16,356	20,780	10,685	2,291,992
Total Outflows	2,725,083	19,847	317,231	41,777	3,309	3,106	16,356	20,780	10,685	2,291,992
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	Total Carried Forward	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Preschool Education Aid	School Based Youth Service Program Clayton Place	Family Friendly Center	Total Brought Forward
REVENUES:									
Federal Sources	\$ 1,061,417								\$ 1,061,417
State Sources	1,230,575	\$ 9,929	\$ 18,527	\$ 6,759	\$ 28,640	\$ 919,411	\$ 216,103	\$ 31,206	-
Local Sources	-								-
Total Revenues	<u>\$ 2,291,992</u>	<u>\$ 9,929</u>	<u>\$ 18,527</u>	<u>\$ 6,759</u>	<u>\$ 28,640</u>	<u>\$ 919,411</u>	<u>\$ 216,103</u>	<u>\$ 31,206</u>	<u>\$ 1,061,417</u>
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 620,511					\$ 344,069			\$ 276,442
Other Salaries for Instruction	21,385								21,385
Purchased Professional and Technical Services	79,105			\$ 6,759					72,346
Other Purchased Services	136,057					136,057			-
General Supplies	99,492					51,041			48,451
Tuition	362,126								362,126
Other Objects	323					125			198
Total Instruction	<u>1,318,999</u>	<u>-</u>	<u>-</u>	<u>6,759</u>	<u>-</u>	<u>531,292</u>	<u>-</u>	<u>-</u>	<u>780,948</u>
Support Services:									
Salaries Personal Services	513,743					202,704	\$ 171,844	\$ 27,550	111,645
Personal Services - Employee Benefits	244,235					104,658	33,208	1,857	104,512
Purchased Professional - Educational Services	102,633	\$ 9,929	\$ 18,527		\$ 28,640				45,537
Other Purchased Services (400-500 series)	93,991					79,912			14,079
Supplies and Materials	11,495						5,000	1,799	4,696
Other Objects	6,896					845	6,051		-
Total Support Services	<u>972,993</u>	<u>9,929</u>	<u>18,527</u>	<u>-</u>	<u>28,640</u>	<u>388,119</u>	<u>216,103</u>	<u>31,206</u>	<u>280,469</u>
Total Expenditures	<u>2,291,992</u>	<u>9,929</u>	<u>18,527</u>	<u>6,759</u>	<u>28,640</u>	<u>919,411</u>	<u>216,103</u>	<u>31,206</u>	<u>1,061,417</u>
Total Outflows	<u>2,291,992</u>	<u>9,929</u>	<u>18,527</u>	<u>6,759</u>	<u>28,640</u>	<u>919,411</u>	<u>216,103</u>	<u>31,206</u>	<u>1,061,417</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	Total Carried Forward	Title I Part A	Title II Part A	Title III	I.D.E.A. Part B Basic	I.D.E.A. Preschool	CCLC
REVENUES:							
Federal Sources	\$ 1,061,417	\$ 366,717	\$ 40,496	8,097	\$ 394,249	\$ 18,674	\$ 233,184
State Sources	-						
Local Sources	-						
Total Revenues	<u>\$ 1,061,417</u>	<u>\$ 366,717</u>	<u>\$ 40,496</u>	<u>\$ 8,097</u>	<u>\$ 394,249</u>	<u>\$ 18,674</u>	<u>\$ 233,184</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 276,442	\$ 226,869					\$ 49,573
Other Salaries for Instruction	21,385	21,385					
Purchased Professional and Technical Services	72,346	14,875		\$ 3,900	\$ 31,297	\$ 18,674	3,600
Other Purchased Services	-						
General Supplies	48,451	11,515		4,197	826		31,913
Tuition	362,126				362,126		
Other Objects	198						198
Total Instruction	<u>780,948</u>	<u>274,644</u>		<u>8,097</u>	<u>394,249</u>	<u>18,674</u>	<u>85,284</u>
Support Services:							
Salaries Personal Services	111,645	10,423	\$ 3,052				98,170
Personal Services - Employee Benefits	104,512	81,650					22,862
Purchased Professional - Educational Services	45,537		31,887				13,650
Other Purchased Services (400-500 series)	14,079		1,969				12,110
Supplies and Materials	4,696		3,588				1,108
Other Objects	-						
Total Support Services	<u>280,469</u>	<u>92,073</u>	<u>40,496</u>				<u>147,900</u>
Total Expenditures	<u>1,061,417</u>	<u>366,717</u>	<u>40,496</u>	<u>8,097</u>	<u>394,249</u>	<u>18,674</u>	<u>233,184</u>
Total Outflows	<u>1,061,417</u>	<u>366,717</u>	<u>40,496</u>	<u>8,097</u>	<u>394,249</u>	<u>18,674</u>	<u>233,184</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction			
Salaries of Teachers	\$ 347,093	\$ 344,069	\$ 3,024
Purchased Professional and Technical Services	6,000		6,000
Other Purchased Services	147,176	136,057	11,119
Supplies	51,665	51,041	624
Other Objects	125	125	-
	<u>552,059</u>	<u>531,292</u>	<u>20,767</u>
Total instruction			
Support services			
Salaries Personal Services	211,927	202,704	9,223
Personal Services - Employee Benefits	105,021	104,658	363
Other Purchased Services (400-500 series)	89,603	79,912	9,691
Supplies	4,155		4,155
Other Objects	845	845	-
	<u>411,551</u>	<u>388,119</u>	<u>23,432</u>
Total support services			
Facilities Acquisition and Construction Services			
Instructional Equipment	10,000		10,000
Noninstructional Equipment	10,000		10,000
	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Facilities Acquisition and Construction Services			
Total expenditures	<u>\$ 983,610</u>	<u>\$ 919,411</u>	<u>\$ 64,199</u>

Calculation of Budget and Carryover

Total Revised 2019-2020 Preschool Education Aid Allocation	\$ 961,275
Add: Actual ECPA Carryover (June 30, 2019)	113,951
Add: Budgeted Local Revenue	-
Add: Budgeted Transfer from the General Fund 2019-20	<u>-</u>
Total Preschool Education Aid Funds Available for 2019-20 Budget	1,075,226
Less: 2019-20 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(983,610)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2020	91,616
Add: 2019-20 Unexpended Preschool Education Aid	64,199
Less: 2019-20 Commissioner Approved Transfer to General Fund	<u>-</u>
2019-2020 Carryover -- Preschool Education Aid	<u>\$ 155,815</u>
2019-2020 Preschool Education Aid Carryover Budgeted in 2020-21	<u>\$ -</u>

PROPRIETARY FUNDS

BOROUGH OF CLAYTON SCHOOL DISTRICT

Proprietary Fund
Statement of Net Position
June 30, 2020

	Business-Type Activities - <u>Enterprise Fund</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 83,277
Accounts Receivable:	
State	1,737
Federal	16,792
Interfund	3,885
Inventories	<u>15,167</u>
Total Current Assets	<u>120,858</u>
Noncurrent Assets:	
Equipment	353,558
Less Accumulated Depreciation	<u>280,751</u>
Total Noncurrent Assets	<u>72,807</u>
Total Assets	<u>193,665</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>5,673</u>
Total Current Liabilities	<u>5,673</u>
NET POSITION:	
Net Investment in Capital Assets	72,807
Unrestricted	<u>115,185</u>
Total Net Position	<u>\$ 187,992</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities - Enterprise Fund
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 85,962
Daily Sales - Non-Reimbursable Programs	86,552
Special Functions	850
Total Operating Revenues	173,364
OPERATING EXPENSES:	
Salaries	230,837
Employee Benefits	32,257
Supplies and Materials	27,341
Cost of Sales - Reimbursable Programs	212,480
Cost of Sales - Non-Reimbursable Programs	37,437
Management Fee	65,633
Repair and Maintenance	6,597
Depreciation	10,210
Total Operating Expenses	622,792
Operating Income (Loss)	(449,428)
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	6,509
Federal Sources:	
Healthy Hunger Free Kids Program	5,995
After School Snack	9,944
National School Lunch Program	199,887
Seamless Summer Option - COVID-19 Cares Act	38,264
School Breakfast Program	92,045
United States Department of Agriculture Commodities	53,357
Interest and Investment Revenue	503
Total Nonoperating Revenues	406,504
Change in Net Position	(42,924)
Total Net Position -- July 1	230,916
Total Net Position -- June 30	\$ 187,992

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities - Enterprise Fund
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 173,869
Payments to Employees	(230,837)
Payments for Employee Benefits	(32,257)
Payments to Suppliers	(303,001)
	(392,226)
Net Cash Provided by (used for) Operating Activities	
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	358,197
	358,197
Net Cash Provided by (used for) Non-Capital Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	503
	503
Net Cash Provided by (used for) Investing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	(33,526)
Cash and Cash Equivalents -- July 1	116,803
Cash and Cash Equivalents -- June 30	\$ 83,277
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (449,428)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	10,210
Federal Commodities	53,357
(Increase) Decrease in Inventories	(10,676)
Increase (Decrease) in Other Current Liabilities	4,311
	57,202
Total Adjustments	57,202
Net Cash Provided by (used for) Operating Activities	\$ (392,226)

FIDUCIARY FUNDS

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2020

	Agency Funds		
	Student Activity	Payroll	Total
ASSETS:			
Cash and Cash Equivalents	\$ 265,437	\$ 20,333	\$ 285,770
Total Assets	\$ 265,437	\$ 20,333	\$ 285,770
LIABILITIES:			
Payable to Student Groups	\$ 265,437		\$ 265,437
Payroll Deductions and Withholdings		\$ 20,333	20,333
Total Liabilities	\$ 265,437	\$ 20,333	\$ 285,770

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Herma Simmons Elementary School	\$ 13,398	\$ 37,574	\$ 23,472	\$ 27,500
Clayton High School	<u>198,709</u>	<u>423,611</u>	<u>384,383</u>	<u>237,937</u>
Total All Schools	<u>\$ 212,107</u>	<u>\$ 461,185</u>	<u>\$ 407,855</u>	<u>\$ 265,437</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 25,753	\$ 14,438,770	\$ 14,444,190	\$ 20,333
Total Assets	<u>\$ 25,753</u>	<u>\$ 14,438,770</u>	<u>\$ 14,444,190</u>	<u>\$ 20,333</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 25,753	\$ 14,438,770	\$ 14,444,190	\$ 20,333
Total Liabilities	<u>\$ 25,753</u>	<u>\$ 14,438,770</u>	<u>\$ 14,444,190</u>	<u>\$ 20,333</u>

LONG-TERM DEBT

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2019	Issued	Retired	Balance June 30, 2020
			Date	Amount					
Serial Bonds:									
School Bond - Series 2010	1/28/10	\$ 10,017,000	9/1/20	\$ 370,000	3.750%	\$ 8,352,000		\$ 7,982,000	\$ 370,000
School Bond - Series 2015	3/18/15	9,730,000	3/1/21	310,000	3.000%	8,875,000		295,000	8,580,000
			3/1/22	320,000	3.125%				
			3/1/23	330,000	3.125%				
			3/1/24	340,000	3.125%				
			3/1/25	355,000	3.125%				
			3/1/26	370,000	3.125%				
			3/1/27	385,000	3.125%				
			3/1/28	400,000	3.125%				
			3/1/29	415,000	3.125%				
			3/1/30	430,000	3.125%				
			3/1/31	445,000	3.125%				
			3/1/32	455,000	3.125%				
			3/1/33	465,000	3.125%				
			3/1/34	480,000	3.250%				
			3/1/35	490,000	3.250%				
			3/1/36	500,000	3.250%				
			3/1/37	515,000	3.375%				
			3/1/38	525,000	3.500%				
			3/1/39	525,000	4.000%				
			3/1/40	525,000	4.000%				
Refunding Bonds of 2020	5/14/20	7,065,000	9/1/20	115,000	2.000%		\$ 7,065,000		7,065,000
			9/1/21	365,000	4.000%				
			9/1/22	385,000	4.000%				
			9/1/23	405,000	4.000%				
			9/1/24	420,000	4.000%				
			9/1/25	440,000	2.000%				
			9/1/26	450,000	2.000%				
			9/1/27	470,000	4.000%				
			9/1/28	490,000	4.000%				
			9/1/29	520,000	4.000%				
			9/1/30	540,000	4.000%				
			9/1/31	570,000	4.000%				
			9/1/32	600,000	4.000%				
			9/1/33	625,000	4.000%				
			9/1/34	670,000	4.000%				
						<u>\$ 17,227,000</u>	<u>\$ 7,065,000</u>	<u>\$ 8,277,000</u>	<u>\$ 16,015,000</u>
Unamortized premium									862,375
									<u>\$ 16,877,375</u>
							Refunded debt	\$ 7,627,000	
							Principal payments	650,000	
								<u>\$ 8,277,000</u>	

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2020

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2019 (a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2020 (a)</u>
			<u>Principal</u>	<u>Interest</u>					
Buses, Technology and Equipment	6/15/2017	5 yrs.	\$ 700,552	\$ 30,371	1.85%	\$ 456,210	\$ -	\$ 149,291	\$ 306,919
						<u>\$ 456,210</u>	<u>\$ -</u>	<u>\$ 149,291</u>	<u>\$ 306,919</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,161,794	_____	\$ 1,161,794	\$ 1,161,794	_____ -
State Sources:					
Debt Service Aid Type II	110,544	_____	110,544	110,544	_____ -
Total Revenues	<u>1,272,338</u>	_____	<u>1,272,338</u>	<u>1,272,338</u>	_____ -
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	622,338	_____	622,338	616,709	\$ 5,629
Redemption of Principal	<u>650,000</u>	_____	<u>650,000</u>	<u>650,000</u>	_____ -
Total Regular Debt Service	<u>1,272,338</u>	_____	<u>1,272,338</u>	<u>1,266,709</u>	<u>5,629</u>
Total Expenditures	<u>1,272,338</u>	_____	<u>1,272,338</u>	<u>1,266,709</u>	<u>5,629</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				5,629	5,629
Fund Balance, July 1	_____	_____	_____	_____	_____
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,629</u>	<u>\$ 5,629</u>

STATISTICAL SECTION

Financial Trends Information

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

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

	<u>Fiscal Year Ending June 30.</u>									
	<u>2020</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>
Governmental Activities										
Net Investment in Capital Assets	\$ 14,139,432	\$ 14,545,809	\$ 15,067,002	\$ 15,893,719	\$ 12,210,291	\$ 8,425,051	\$ 17,126,337	\$ 17,369,817	\$ 16,944,785	\$ 13,399,931
Restricted	571,055	480,760	934,619	1,012,146	4,958,988	9,898,712	1,687,656	2,081,430	1,709,166	6,436,824
Unrestricted (Deficit)	(6,417,876)	(6,202,285)	(6,096,211)	(6,060,518)	(5,401,545)	(5,819,464)	(501,567)	(833,979)	(737,000)	(625,526)
Total Governmental Activities Net Position	\$ 8,292,611	\$ 8,824,284	\$ 9,905,410	\$ 10,845,347	\$ 11,767,734	\$ 12,504,299	\$ 18,312,426	\$ 18,617,268	\$ 17,916,951	\$ 19,211,229
Business-type Activities										
Net Investment in Capital Assets	\$ 72,807	\$ 72,807	\$ 93,227	\$ 105,535	\$ 109,568	\$ 46,885	\$ 57,215	\$ 71,852	\$ 148,799	\$ 64,418
Restricted	115,185	113,610	142,577	154,652	141,153	202,101	207,846	130,965	89,777	155,553
Total Business-type Activities Net Position	\$ 187,992	\$ 186,417	\$ 235,804	\$ 260,187	\$ 250,721	\$ 248,986	\$ 265,061	\$ 202,817	\$ 238,576	\$ 219,971
District-wide										
Net Investment in Capital Assets	\$ 14,212,239	\$ 14,618,616	\$ 15,160,229	\$ 15,999,254	\$ 12,319,859	\$ 8,471,936	\$ 17,183,552	\$ 17,441,669	\$ 17,093,584	\$ 13,464,349
Restricted	571,055	480,760	934,619	1,012,146	4,958,988	9,898,712	1,687,656	2,081,430	1,709,166	6,436,824
Unrestricted (Deficit)	(6,302,691)	(6,088,675)	(5,953,634)	(5,905,866)	(5,260,392)	(5,617,363)	(293,721)	(703,014)	(647,223)	(469,973)
Total District-wide Net Position	\$ 8,480,603	\$ 9,010,701	\$ 10,141,214	\$ 11,105,534	\$ 12,018,455	\$ 12,753,285	\$ 18,577,487	\$ 18,820,085	\$ 18,155,527	\$ 19,431,200

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

Source: District Records

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 8,678,026	\$ 8,098,216	\$ 8,179,123	\$ 7,506,505	\$ 7,386,907	\$ 7,361,734	\$ 9,418,124	\$ 8,895,815	\$ 8,511,190	\$ 7,249,196
Special Education	1,412,025	1,606,489	1,993,424	2,015,086	1,875,425	1,546,903	2,245,943	2,125,994	2,320,908	1,860,147
Other Instruction	845,873	841,754	696,709	622,055	639,403	757,159	865,437	691,470	869,407	794,398
Support Services:										
Tuition	2,052,894	1,886,946	1,687,761	1,266,009	1,683,963	1,374,384	1,012,585	1,412,073	1,638,314	1,780,612
Student & Instruction Related Services	3,463,652	3,549,786	2,984,981	2,709,499	2,764,112	2,607,540	3,374,956	3,778,608	3,916,950	4,004,377
General Administrative Services	475,209	475,705	490,636	466,160	467,282	463,038	427,067	384,920	453,296	400,642
School Administrative Services	1,084,855	1,055,421	939,519	1,012,850	1,006,026	1,009,556	1,905,491	1,862,950	1,767,181	1,489,295
Central Services	341,730	321,016	317,920	279,232	276,765	262,968				
Administrative Information Technology	163,941	128,079	120,593	125,496	100,457	114,762				
Plant Operations and Maintenance	1,534,057	1,577,379	1,541,896	1,519,818	1,564,456	1,553,580	2,244,318	2,081,648	2,112,102	1,661,055
Pupil Transportation	1,145,385	1,203,924	839,399	887,879	850,770	879,291	800,164	822,445	880,756	667,844
Unallocated Benefits	7,969,099	11,316,376	11,141,478	10,243,274	5,955,626	5,898,914				
Interest on Long-term Debt	830,170	792,683	812,537	989,537	581,074	474,777	420,347	384,664	471,521	513,331
Total Governmental Activities Expenses	29,996,916	32,853,773	31,745,976	29,643,400	25,152,266	24,304,606	22,714,432	22,440,587	22,941,625	20,420,897
Business-type Activities:										
Food Service	622,792	622,792	748,970	738,014	742,946	649,704	553,581	654,518	553,477	489,561
Total Business-type Activities Expense	622,792	622,792	748,970	738,014	742,946	649,704	553,581	654,518	553,477	489,561
Total District Expenses	\$ 30,619,708	\$ 33,476,565	\$ 32,494,946	\$ 30,381,414	\$ 25,895,212	\$ 24,954,310	\$ 23,268,013	\$ 23,095,105	\$ 23,495,102	\$ 20,910,458

(Continued)

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

	Fiscal Year Ending June 30.									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)	\$ 201,051	\$ 201,051	\$ 195,207	\$ 185,006	\$ 302,426	\$ 377,792	\$ 383,352	\$ 416,185	\$ 94,911	\$ 287,198
Operating Grants and Contributions	3,772,103	7,358,549	7,414,149	2,574,856	2,625,395	2,219,717	1,977,892	2,428,089	2,419,161	2,378,471
Total Governmental Activities Program Revenues	3,973,154	7,559,600	7,609,356	2,759,862	2,927,821	2,597,509	2,361,244	2,844,274	2,514,072	2,665,669
Business-type activities:										
Charges for services:										
Food Service	173,364	173,364	242,594	224,722	217,356	213,244	193,346	197,050	202,169	209,021
Operating Grants and Contributions	406,001	404,426	481,748	522,543	527,020	420,019	422,236	416,185	369,750	296,873
Total Business-type Activities Program Revenues	579,365	577,790	724,342	747,265	744,376	633,263	615,582	613,235	571,919	505,894
Total District Program Revenues	\$ 4,552,519	\$ 8,137,390	\$ 8,333,698	\$ 3,507,127	\$ 3,672,197	\$ 3,230,772	\$ 2,976,826	\$ 3,457,509	\$ 3,085,991	\$ 3,171,563
Net (Expense)/Revenue										
Governmental Activities	\$ (26,023,762)	\$ (25,294,173)	\$ (24,136,620)	\$ (26,883,538)	\$ (22,224,445)	\$ (21,707,097)	\$ (20,353,188)	\$ (19,596,313)	\$ (20,427,473)	\$ (17,755,228)
Business-type Activities	(43,427)	(45,002)	(24,628)	9,251	1,430	(16,441)	62,001	(35,930)	18,442	16,513
Total District-wide Net Expense	\$ (26,067,189)	\$ (25,339,175)	\$ (24,161,248)	\$ (26,874,287)	\$ (22,223,015)	\$ (21,723,538)	\$ (20,291,187)	\$ (19,632,243)	\$ (20,409,031)	\$ (17,738,715)

(Continued)

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,780,470	\$ 8,780,470	\$ 8,439,514	\$ 8,221,569	\$ 7,960,694	\$ 7,711,155	\$ 7,559,956	\$ 7,411,722	\$ 7,164,595	\$ 6,942,151
Taxes Levied for Debt Service	1,161,794	1,161,794	1,148,857	1,113,829	971,866	847,062	692,859	924,356	902,701	865,594
Federal & State Aid not Restricted	15,158,736	14,487,194	13,270,811	16,425,223	12,056,485	11,782,620	11,322,732	11,358,679	10,862,334	10,120,489
State Aid Restricted	24614.00	24,614	4,916	12,834	50,911	279,744	288,728	303,406	302,671	303,589
Tuition Received										50,479
Transportation							17,749	24,501	24,863	4,519
Investment Earnings	6,781	6,781	4,019	2,701	2,689	4,353	249	4,884	1,789	23,405
Miscellaneous Income	359,694	372,630	335,705	184,995	445,235	267,967	166,073	269,082	181,213	100,212
Loss on Disposal of Capital Assets			(7,139)							
Transfers									(306,971)	(78,701)
Total Governmental Activities	25,492,089	24,833,483	23,196,683	25,961,151	21,487,880	20,892,901	20,048,346	20,296,630	19,133,195	18,331,737
Business-type Activities:										
Investment Earnings	503	503	245	215	305	366	243	171	163	479
Total Business-type Activities	503	503	245	215	305	366	243	171	163	479
Total District-wide	\$ 25,492,592	\$ 24,833,986	\$ 23,196,928	\$ 25,961,366	\$ 21,488,185	\$ 20,893,267	\$ 20,048,589	\$ 20,296,801	\$ 19,133,358	\$ 18,332,216
Change in Net Position										
Governmental Activities	\$ (531,673)	\$ (460,690)	\$ (939,937)	\$ (922,387)	\$ (736,565)	\$ (814,196)	\$ (304,842)	\$ 700,317	\$ (1,294,278)	\$ 576,509
Business-type Activities	(42,924)	(44,499)	(24,383)	9,466	1,735	(16,075)	62,244	(35,759)	18,605	16,992
Total District	\$ (574,597)	\$ (505,189)	\$ (964,320)	\$ (912,921)	\$ (734,830)	\$ (830,271)	\$ (242,598)	\$ 664,558	\$ (1,275,673)	\$ 593,501

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

Source: District Records

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2020</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>
General Fund										
Restricted	\$ 928,627	\$ 1,064,869	\$ 1,664,171	\$ 1,732,402	\$ 1,304,885	\$ 1,509,348	\$ 2,066,924	\$ 1,938,673	\$ 1,571,848	\$ 1,058,520
Unassigned (Deficit)	(516,771)	(539,165)	(510,752)	(567,188)	(511,917)	(526,824)	(551,601)	(547,140)	(469,797)	(366,965)
Total General Fund	\$ 411,856	\$ 525,704	\$ 1,153,419	\$ 1,165,214	\$ 792,968	\$ 982,524	\$ 1,515,323	\$ 1,391,533	\$ 1,102,051	\$ 691,555
All Other Governmental Funds										
Restricted				\$ 23,177	\$ 4,287,754	\$ 8,458,233	\$ 1,002			\$ 950,225
Unassigned (Deficit), Reported in:										
Special Revenue Fund	\$ (96,127)	\$ (32,214)	\$ (32,214)	(32,214)	(32,214)	(29,913)	(28,379)	\$ (32,134)	\$ (32,270)	(29,336)
Capital Projects Fund										4,433,999
Debt Service Fund	-							171,221	170,220	22,506
Total All Other Governmental Funds	\$ (96,127)	\$ (32,214)	\$ (32,214)	\$ (9,037)	\$ 4,255,540	\$ 8,428,320	\$ (27,377)	\$ 139,087	\$ 137,950	\$ 5,377,394

Source: District Records

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Tax Levy	\$ 9,942,264	\$ 9,942,264	\$ 9,588,371	\$ 9,335,398	\$ 8,932,560	\$ 8,558,217	\$ 8,252,815	\$ 8,336,078	\$ 8,067,296	\$ 7,807,745
Tuition Charges	201,051	201,051	195,207	185,006	302,426	377,792	383,352	416,185	94,991	50,479
Interest Earnings	6,781	6,781	4,019	2,701	2,689	4,353	249	4,884	1,789	23,405
Transportation	24,614	24,614	4,916	12,834	50,911	17,749	24,501	24,863	24,863	4,519
Miscellaneous	289,036	301,972	266,424	116,797	379,597	203,640	100,571	200,551	128,824	94,958
State Sources	16,337,267	15,204,648	13,950,158	13,196,047	12,760,433	12,770,481	12,327,266	12,450,970	11,349,260	11,116,550
Federal Sources	1,130,888	1,888,976	1,694,375	1,647,700	1,574,175	1,174,334	957,312	1,575,292	1,917,386	1,886,646
Local Sources	407,736	375,346	414,561	376,909	412,910	401,593	370,276	132,443	62,938	13,104
Total Revenue	28,339,637	27,945,652	26,118,031	24,873,392	24,415,701	23,490,410	22,409,590	23,140,904	21,647,347	20,997,406
Expenditures										
Instruction										
Regular Instruction	7,967,573	7,690,699	7,438,380	6,804,333	6,813,283	6,768,507	6,173,593	6,052,303	5,296,670	5,094,612
Special Education Instruction	1,294,164	1,457,989	1,857,803	1,845,964	1,746,289	1,430,636	1,529,854	1,496,740	1,513,907	1,329,185
Other Special Instruction	21,385	35,224	35,224	36,298	43,865	76,519				
Other Instruction	772,631	772,631	599,808	564,791	540,442	620,557	556,400	462,640	531,689	545,581
Adult/Continuing Education Programs										
Support Services:										
Tuition	2,052,894	2,070,193	1,687,761	1,266,009	1,683,963	1,374,384	1,012,585	1,412,073	1,638,314	1,780,612
Student & Instruction Related Services	3,243,861	3,434,353	2,787,157	2,523,989	2,578,251	2,449,209	2,384,489	2,805,669	2,824,922	3,059,845
General Administrative&BusinessServices	475,209	475,209	490,636	466,160	467,282	463,038	427,067	384,918	453,296	400,642
School Administrative Services	990,920	990,920	851,918	919,611	912,954	920,437	906,008	907,994	797,524	760,027
Central Services	312,140	312,140								
Other Administrative Services	149,746	149,746	397,626	367,471	342,324	344,386	319,055	338,444	283,201	262,799
Plant Operations and Maintenance	1,401,227	1,401,227	1,398,129	1,367,159	1,419,722	1,416,437	1,442,898	1,392,761	1,291,662	1,140,787
Pupil Transportation	1,294,676	1,366,311	937,162	887,879	850,770	879,291	800,164	822,445	880,756	667,844
Unallocated Employee Benefits	6,985,082	6,446,892	6,410,961	5,916,798	5,865,653	5,857,860	5,473,022	5,272,964	4,671,624	4,288,414
Capital Outlay			546,292	4,355,331	4,541,373	1,568,443	275,323	274,573	5,064,852	14,352,137
Debt Service:										
Principal	773,581	779,210	595,000	605,000	295,000	725,000	715,000	767,000	745,000	625,000
Interest and Other Charges	126,680	53,266	819,697	838,930	676,866	402,808	436,806	459,761	482,878	544,183
Total Expenditures	28,511,769	28,080,381	26,853,554	28,765,723	28,778,037	25,297,512	22,452,264	22,850,285	26,476,295	34,851,668
Excess (Deficiency) of Revenues Over (Under) Expenditures	(172,132)	(134,729)	(735,523)	(3,892,331)	(4,362,336)	(1,807,102)	(42,674)	290,619	(4,828,948)	(13,854,262)
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)		-	700,551							
Bond Proceeds						9,730,000				
Proceeds of issuance of Refunding Bonds	7,065,000									
Premium from Issuance of Refunding Bonds	862,375									
Payment to Escrow for Refunding of 2020 General Obligation Bonds	(7,927,375)									
Transfers In	-	-	58,145	58,145	58,145	65,788		772	172,009	105,572
Transfers Out	-	-	(58,145)	(58,145)	(58,145)	(65,788)		(772)	(172,009)	(105,572)
Total Other Financing Sources (Uses)	-	-	700,551	-	-	9,730,000	-	-	-	-
Net Change in Fund Balances	\$ (172,132)	\$ (134,729)	\$ (34,972)	\$ (3,892,331)	\$ (4,362,336)	\$ 7,922,898	\$ (42,674)	\$ 290,619	\$ (4,828,948)	\$ (13,854,262)
Debt Service as a Percentage of Noncapital Expenditures	6.6%	6.6%	5.4%	5.9%	4.0%	4.8%	5.2%	5.4%	5.7%	5.7%

Source: District Records

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

	<u>Fiscal Year Ending June 30.</u>									
	<u>2020</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>
Interest on Investments	\$ 6,781	\$ 6,781	\$ 4,019	\$ 2,701	\$ 2,689	\$ 4,353	\$ 249	\$ 4,112	\$ 1,789	\$ 8,114
Miscellaneous	359,694	372,630	335,705	184,995	445,235	203,640	100,571	200,551	128,824	92,098
Tuition	201,051	201,051	195,207	185,006	302,426	377,792	383,352	416,185	94,991	50,479
Transportation Fees	24,614	24,614	4,916	12,834	50,911	17,749	17,749	24,501	24,863	4,519
	<u>\$ 592,140</u>	<u>\$ 605,076</u>	<u>\$ 539,847</u>	<u>\$ 385,536</u>	<u>\$ 801,261</u>	<u>\$ 585,785</u>	<u>\$ 501,921</u>	<u>\$ 645,349</u>	<u>\$ 250,467</u>	<u>\$ 155,210</u>

Source: District Records.

Revenue Capacity Information

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

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2020	8,452,400	402,358,100	1,737,700	212,900	27,962,900	11,517,700	13,269,400	465,511,100	211,300	1,232,582	466,743,682	487,714,495	2.186
2019	8,607,200	402,659,200	1,494,800	218,600	27,824,900	11,517,700	13,445,300	465,767,700	195,300	1,191,531	466,959,231	490,254,184	2.129
2018	8,908,200	403,176,200	1,494,800	215,100	27,509,000	11,261,600	12,483,800	465,048,700	267,900	1,205,507	466,254,207	478,541,324	2.094
2017	8,863,900	403,208,600	1,494,800	234,200	27,678,400	11,261,600	12,483,800	465,225,300	257,500	1,167,008	466,392,308	467,027,459	2.055
2016	8,559,900	398,756,200	1,742,300	277,200	28,300,100	11,551,800	12,483,800	461,671,300	288,400	1,167,265	462,838,565	462,909,460	2.017
2015	10,480,800	394,604,900	2,009,900	299,100	28,899,300	11,604,100	13,254,700	461,142,800	252,800	1,159,167	462,301,767	458,708,482	1.932
2014	11,952,300	392,213,400	1,961,700	276,900	29,976,300	11,951,200	13,174,700	461,506,500	399,800	1,118,939	462,625,439	478,836,275	1.850
2013 (a)	13,299,600	392,831,800	2,824,500	361,200	29,108,900	12,275,400	14,141,900	464,843,300		1,156,928	466,000,228	485,974,721	1.771
2012	6,201,500	246,957,400	1,593,800	581,062	13,779,800	9,921,000	6,222,700	285,194,262	782,800	609,000	285,803,262	507,364,531	2.916
2011	6,348,600	247,167,800	1,814,700	518,052	13,852,500	11,957,000	6,222,700	287,882,262		618,193	288,500,455	521,761,379	2.796

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

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

(a) Revaluation

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

Source: Municipal Tax Assessor

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

Fiscal Year Ended <u>June 30,</u>	District Direct Rate			Overlapping Rates				Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate (1)</u>	General Obligation Debt <u>Service (2)</u>	Total Direct School <u>Tax Rate</u>	<u>Library District</u>	<u>Clayton Borough</u>	<u>Open Spaces</u>	<u>County of Gloucester</u>	
2020	\$ 1.938	\$ 0.248	\$ 2.186	\$ 0.048	\$ 0.995	\$ 0.041	\$ 0.687	\$ 3.957
2019	1.876	0.253	2.129	0.048	0.994	0.042	0.677	3.890
2018	1.846	0.248	2.094	0.049	0.992	0.041	0.659	3.835
2017	1.809	0.246	2.055	0.048	0.992	0.041	0.634	3.770
2016	1.776	0.241	2.017	0.049	0.992	0.041	0.631	3.730
2015	1.722	0.210	1.932	0.046	0.992	0.041	0.609	3.620
2014	1.667	0.183	1.850	0.047	0.959	0.042	0.596	3.494
2013 (a)	1.662	0.149	1.771	0.045	0.925	0.043	0.586	3.370
2012	2.557	0.359	2.916	0.075	1.401	0.071	0.905	5.368
2011	2.454	0.342	2.796	0.074	1.357	0.072	0.904	5.203

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

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

(a) Revaluation

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

Source: Municipal Tax Collector

BOROUGH OF CLAYTON SCHOOL DISTRICT

Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

<u>Taxpayer</u>	<u>2020</u>			<u>2011</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Berk Cohen Assoc. at Rustic Village	\$ 8,761,500	1	1.88%	\$ 3,595,600	2	1.25%
Aleris Light Gauge Products, Inc.	6,941,900	2	1.49%	6,594,000	1	2.29%
Emerson Green 2 LLC	4,850,100	3	1.04%			
Realmarq Development LLC	3,238,300	4	0.69%	1,085,000	3	0.38%
Silver Lake Assoc.	3,034,600	5	0.65%			
Emerson Green 1 LLC	3,027,200	6	0.65%			
BDK LLC	1,350,800	7	0.29%			
Verizon Comm Inc.	1,232,582	8	0.26%	609,000	10	0.21%
McClain Pension Funds LLC	1,214,100	9	0.26%			
American Stores Company LLC	1,125,200	10	0.24%	898,900	5	0.31%
Saiwood Corporation						
Hungerford & Terry Inc.				696,100	8	0.24%
Clayton Realty LLC				619,500	9	0.22%
NER Data Products, Inc.				750,000	6	0.26%
Clayton Apartments LTC Partnership				917,200	4	0.32%
Rite Aid of NJ Inc.				707,600	7	0.25%
Total	\$ 34,776,282		7.45%	\$ 16,472,900		5.73%

Source: Municipal Tax Assessor

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

Fiscal Year <u>Ended June 30,</u>	School Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2020	\$ 9,942,264	\$ 9,942,264	100.00%	-
2019	9,766,528	9,766,528	100.00%	-
2018	9,588,371	9,588,371	100.00%	-
2017	9,335,398	9,335,398	100.00%	-
2016	8,932,559	8,932,559	100.00%	-
2015	8,558,217	8,558,217	100.00%	-
2014	8,252,815	8,252,815	100.00%	-
2013	8,336,078	8,336,078	100.00%	-
2012	8,067,295	8,067,295	100.00%	-
2011	7,807,745	7,807,745	100.00%	-

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

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

Debt Capacity Information

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Total District</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
	<u>General Obligation Bonds (1)</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Capital Leases</u>				
2020	\$ 16,015,000	-	-	-	-	\$ 16,577,000	NA	NA	
2019	17,227,000	-	-	-	-	17,227,000	NA	NA	
2018	17,852,000	-	-	-	-	17,852,000	NA	NA	
2017	18,447,000	-	-	-	-	18,447,000	NA	NA	
2016	19,052,000	-	-	-	-	19,052,000	NA	NA	
2015	19,347,000	-	-	-	-	19,347,000	NA	NA	
2014	10,342,000	-	-	-	-	10,342,000	NA	NA	
2013	11,057,000	-	-	-	-	11,057,000	NA	NA	
2012	11,824,000	-	-	-	-	11,824,000	NA	NA	
2011	12,569,000	-	-	-	-	12,569,000	NA	NA	

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

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

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

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

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (2)</u>
2020	\$ 16,015,000	-	\$ 16,577,000	3.55%	NA
2019	17,227,000	-	17,227,000	3.69%	NA
2018	17,852,000	-	17,852,000	3.83%	NA
2017	18,447,000	-	18,447,000	3.96%	NA
2016	19,052,000	-	19,052,000	4.12%	NA
2015	19,347,000	-	19,347,000	4.18%	NA
2014	10,342,000	-	10,342,000	2.22%	NA
2013	11,057,000	-	11,057,000	3.87%	NA
2012	11,824,000	-	11,824,000	4.10%	NA
2011	12,569,000	-	12,569,000	4.36%	NA

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

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

Source: District Records.

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2019
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Clayton	\$ 2,745,493	100.00%	\$ 2,745,493
Other debt			
County of Gloucester	227,739,500	1.76%	<u>4,013,910</u>
Subtotal, overlapping debt			6,759,403
Borough of Clayton School District Direct Debt			<u>16,015,000</u>
Total direct and overlapping debt			<u><u>\$ 22,774,403</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis	
	2019	\$ 484,468,171
	2018	\$ 486,452,615
	2017	475,885,127
	[A]	<u>\$ 1,446,805,913</u>
Average equalized valuation of taxable property	[A/3]	<u>\$ 482,268,637.67</u>
Debt limit (4% of average equalization value) (1)	[B]	\$ 19,290,746
Total Net Debt Applicable to Limit	[C]	<u>16,015,000</u>
Legal Debt Margin	[B-C]	<u>\$ 3,275,746</u>

	Fiscal Year									
	<u>2020</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>
Debt limit	\$ 19,290,746	\$ 18,838,034	\$ 18,482,179	\$ 18,363,024	\$ 18,614,706	\$ 18,968,056	\$ 19,677,673	\$ 17,669,809	\$ 18,050,239	\$ 18,214,012
Total net debt applicable to limit	<u>16,015,000</u>	<u>17,227,000</u>	<u>17,852,000</u>	<u>18,447,000</u>	<u>19,052,000</u>	<u>19,347,000</u>	<u>10,342,000</u>	<u>11,057,000</u>	<u>11,824,000</u>	<u>12,569,000</u>
Legal debt margin	<u>\$ 3,275,746</u>	<u>\$ 1,611,034</u>	<u>\$ 630,179</u>	<u>\$ (83,976)</u>	<u>\$ (437,294)</u>	<u>\$ (378,944)</u>	<u>\$ 9,335,673</u>	<u>\$ 6,612,809</u>	<u>\$ 6,226,239</u>	<u>\$ 5,645,012</u>
Total net debt applicable to the limit as a percentage of debt limit	83.02%	91.45%	96.59%	100.46%	102.35%	102.00%	52.56%	62.58%	65.51%	69.01%

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

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2020	8,738	\$ 478,361,810	\$ 54,745	4.7%
2019	8,686	456,067,116	52,506	5.0%
2018	8,676	433,852,056	50,006	5.7%
2017	8,614	420,354,586	48,799	6.1%
2016	8,493	395,799,279	46,603	7.9%
2015	8,307	375,218,883	45,169	7.1%
2014	8,216	368,635,488	44,868	8.5%
2013	8,175	345,213,900	42,228	9.8%
2012	8,202	339,374,154	41,377	9.5%
2011	7,139	282,640,149	39,591	9.8%

Source:

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

BOROUGH OF CLAYTON SCHOOL DISTRICT

Principal Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>		<u>Percentage of Total Employment</u>
Amazon	4,500	1	N/A	N/A		N/A
Rowan University	3,500	2	N/A	1,300		N/A
Inspira Health	2,051	3	N/A			
Underwood Memorial Hospital			N/A	1,825		N/A
Jefferson Health	2,015	4	N/A			
Kennedy Health Alliance			N/A	1,200		N/A
Washington Township School District	1,550	5	N/A	1,504		N/A
Shop Rite	1,300	6	N/A			N/A
County of Gloucester	1,200	7	N/A	1,500		N/A
U.S. Foodservices	1,014	8	N/A	800		N/A
Monroe Township School District	805	9	N/A	714		N/A
Walmart - Turnersville	800	10	N/A			
Missa Bay			N/A	950		N/A
Godwin Pumps			N/A	640		N/A
Valero			N/A	640		N/A
	<u>18,735</u>			<u>11,073</u>		

Source:

Gloucester County Office of Economic Development and Employer Directly

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

N/A - Information not available

Operating Information

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

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

<u>Function/Program</u>	<u>2020</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>
Instruction										
Regular	93	93	93	93	93	93	93	99	78	77
Special education	20	20	20	20	20	20	20	26	22	22
Support Services:										
Tuition										
Student & instruction related services	47	47	47	47	47	47	47	36	36	36
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	12	12	12	12	12	12	12	12	12	12
Business administrative services	6	5	5	5	5	5	5	3	3	3
Plant operations and maintenance	11	11	14	14	14	14	14	12	12	10
Pupil transportation	12	12	9	10	10	10	10	12	12	12
Food Service (custodians only)	2	2	2	2	1	1		2		
Total	<u>205</u>	<u>204</u>	<u>204</u>	<u>205</u>	<u>204</u>	<u>204</u>	<u>202</u>	<u>204</u>	<u>177</u>	<u>174</u>

Source: District Personnel Records

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

Fiscal	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Cost Per Pupil Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2020	1,452	\$ 26,961,508	\$ 18,569	7.64%	131	10.6:1	13.3:1	10.1:1	1,464	1,420	5.34%	96.99%
2019	1,436	26,603,534	18,526	16.72%	131	10.6:1	13.3:1	10.1:1	1,454	1,398	2.12%	96.15%
2018	1,443	24,892,565	17,251	8.69%	131	10.6:1	13.3:1	10.1:1	1,405	1,348	-1.53%	95.94%
2017	1,447	22,966,462	15,872	-1.21%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2016	1,448	23,264,798	16,067	2.94%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2015	1,448	22,601,261	15,609	3.86%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	1.71%	95.60%
2014	1,399	21,025,135	15,029	-3.81%	120	12.4:1	12.9:1	9.6:1	1,392	1,346	4.91%	96.70%
2013	1,384	21,623,525	15,624	6.05%	125	11.6:1	11.8:1	9.6:1	1,367	1,316	2.57%	96.27%
2012	1,370	20,183,565	14,733	1.52%	117	14.0:1	7.6:1	10.1:1	1,366	1,283	6.21%	93.92%
2011	1,332	19,330,348	14,512	-0.46%	116	14.0:1	7.6:1	10.1:1	1,322	1,208	-6.36%	91.38%

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

Note: Enrollment based on annual October district count.

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

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

	<u>2020</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>District Building</u>										
<u>Elementary</u>										
E.S. Simmons Elementary										
Square Feet	95,421	95,421	95,421	95,421	95,421	95,421	95,421	95,421	95,421	96,191
Capacity (students)	763	763	763	763	763	763	763	763	763	638
Enrollment	706	714	669	735	743	757	733	719	724	787
<u>High School/Middle School</u>										
Clayton Middle School										
Square Feet	143,910	143,910	143,910	143,910	126,080	126,080	126,080	126,080	126,080	98,092
Capacity (students)	868	868	868	868	868	868	868	868	868	800
Enrollment	772	760	767	712	708	691	666	665	646	545

Number of Schools at June 30, 2020

Elementary = 1

High/Middle School= 1

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

Source: District records, ASSA

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

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

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

* School Facilities	Project # (s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Clayton Middle/Clayton High School	N/A	\$ 107,157	\$ 111,525	\$ 104,887	\$ 102,854	\$ 86,283	\$ 96,633	\$ 111,013	\$ 104,688	\$ 103,567	\$ 96,080
Clayton Elementary School	N/A	71,052	74,350	69,925	77,592	65,091	73,136	88,664	78,976	53,098	64,081
Total School Facilities		<u>178,209</u>	<u>185,875</u>	<u>174,812</u>	<u>180,446</u>	<u>151,374</u>	<u>169,769</u>	<u>199,677</u>	<u>183,664</u>	<u>156,665</u>	<u>160,161</u>
Grand Total		<u>\$ 178,209</u>	<u>\$ 185,875</u>	<u>\$ 174,812</u>	<u>\$ 180,446</u>	<u>\$ 151,374</u>	<u>\$ 169,769</u>	<u>\$ 199,677</u>	<u>\$ 183,664</u>	<u>\$ 156,665</u>	<u>\$ 160,161</u>

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

Source: District Records

BOROUGH OF CLAYTON SCHOOL DISTRICT

Insurance Schedule

June 30, 2020

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property & Auto Physical Damage/Boiler & Machinery	\$ 50,579,338	\$ 1,000
Commercial Umbrella Liability		
General Liability	1,000,000/3,000,000	
Automobile Liability	1,000,000	
School Board Legal Liability	1,000,000/2,000,000	5,000
Workers' Compensation (2)	NJ Statutory	
Employers Liability (2)	\$3,000,000/\$3,000,000/\$3,000,000	
Student Accident Insurance CAT (3)	\$25,000	
Student Accident Base (4)	\$1,000,000	
Surety Bonds (5)		
Treasurer	\$200,000	
Board Secretary/Business Administrator	\$20,000	

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

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Clayton School District's, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2020. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2020

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, 2019	Carryover / (Walkover) Amount
					From	To		
General Fund:								
U.S. Department of Education								
Passed-through State Department of Education:								
Medicaid Cluster								
Medical Assistance Program (Medicaid)	93.778	1905NJ5MAP	100-054-7540-211	\$ 63,959	7-1-2019	6-30-2020		
Total 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, Part A)	84.010	S010A180030	ESSA086019	443,482	7-1-2018	6-30-2019	\$ (106,304)	
Title I Grants to Local Educational Agencies (Title I, Part A)	84.010	S010A190030	ESSA086020	400,156	7-1-2019	9-30-2020		
Total Title I Grants to Local Educational Agencies							(106,304)	
Supporting Effective Instruction State Grant (Title II, Part A)	84.367	S367A180029	ESSA086019	80,558	7-1-2018	6-30-2019	(16,148)	
Supporting Effective Instruction State Grant (Title II, Part A)	84.367	S367A190029	ESSA086020	81,174	7-1-2019	9-30-2020		
Total Supporting Effective Instruction State Grant							(16,148)	
English Language Acquisition Grants (Title III)	84.365	S365A180030	ESSA086019	16,897	7-1-2018	6-30-2019	(4,485)	
English Language Acquisition Grants (Title III)	84.365	S365A190030	ESSA086020	5,681	7-1-2019	9-30-2020		
Total English Language Acquisition Grants							(4,485)	
Special Education Cluster (IDEA):								
Special Education - Grants to States (IDEA, Part B)	84.027	H027A180100	FT169014	404,786	7-1-2018	6-30-2019	(55,603)	
Special Education - Grants to States (IDEA, Part B)	84.027	H027A190100	FT169014	394,659	7-1-2019	9-30-2020		
Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391		PS169018	383,354	7-1-2009	8-31-2011	(1,801)	
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A190114	PS169019	18,674	7-1-2019	9-30-2020		
Total Special Education Cluster (IDEA)							(57,404)	
21st Century Community Learning Centers Program	84.287	N/A	NGO-15-EK32-H05	250,000	9-1-2015	8-31-2016		\$ 601
21st Century Community Learning Centers Program	84.287	N/A	NGO-15-EK32-H05	250,000	9-1-2018	8-31-2019	(18,664)	
21st Century Community Learning Centers Program	84.287	N/A	NGO-15-EK32-H05	250,000	9-1-2019	8-31-2020		
Total 21st Century Community Learning Centers Program							(18,664)	601
Local Capacity Building Project	84.027	N/A	N/A	200,000	10-1-2002	9-30-2004	(14,320)	
ARRA - Race to the Top - Preschool Development Expansion Grant	84.419	S419B180020	17000010	542,267	9-1-2018	8-31-2019	(109,875)	
Total Preschool Development Grant							(109,875)	
Subtotal Special Revenue - U.S. Department of Education							(327,200)	601
Total Special Revenue Fund							(327,200)	601
Enterprise Fund:								
U.S. Department of Agriculture								
Passed-through State Department of Agriculture:								
Child Nutrition Cluster:								
Non-Cash Assistance:								
National School Lunch Program - Commodities	10.555	201NJ304N1099	N/A	53,357	7-1-2019	9-30-2020		
Total Non-Cash Assistance								
Cash Assistance:								
National School Lunch Program (NSLP)	10.555	191NJ304N1099	N/A	280,492	7-1-2018	6-30-2019	(14,460)	
National School Lunch Program (NSLP)	10.555	201NJ304N1099	N/A	199,887	7-1-2019	9-30-2020		
Healthy Hunger Free Kids Act (HHFKA)	10.555	191NJ304N1099	N/A	7,558	7-1-2018	6-30-2019	(383)	
Healthy Hunger Free Kids Act (HHFKA)	10.555	201NJ304N1099	N/A	5,995	7-1-2019	9-30-2020		
After School Snack Program	10.555	191NJ304N1099	N/A	12,672	7-1-2018	6-30-2019	(410)	
After School Snack Program	10.555	201NJ304N1099	N/A	9,944	7-1-2019	9-30-2020		
Seamless Summer Option (SSO) - COVID-19 Cares Act	10.555	201NJ304N1099	N/A	38,264	3-16-2020	6-30-2020		
School Breakfast Program (SBP)	10.553	191NJ304N1099	N/A	132,161	7-1-2018	6-30-2019	(8,489)	
School Breakfast Program (SBP)	10.553	201NJ304N1099	N/A	92,045	7-1-2019	9-30-2020		
Total Cash Assistance							(23,742)	
Total Child Nutrition Cluster							(23,742)	
Total Enterprise Fund							(23,742)	
Total Federal Financial Assistance							\$ (350,942)	\$ 601

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

Cash Received	Budgetary Expenditures			Passed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2020		
	Pass-through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 63,959	\$ 63,959		\$ 63,959						
63,959	63,959		63,959						
63,959	63,959		63,959						
106,304									
285,063	366,717		366,717				\$ (81,654)		
391,367	366,717		366,717				(81,654)		
16,148									
40,659	40,496		40,496					\$ 163	
56,807	40,496		40,496					163	
7,532	2,635		2,635		\$ (412)				
5,305	5,462		5,462				(157)		
12,837	8,097		8,097		(412)		(157)		
55,603									
365,308	394,249		394,249				(28,941)		
18,674	18,674		18,674		1,801				
439,585	412,923		412,923		1,801		(28,941)		
									\$ 601
18,664									
204,321	233,183		233,183				(28,862)		
222,985	233,183		233,183				(28,862)		601
					14,320				
109,875									
109,875									
1,233,456	1,061,416		1,061,416		15,709		(139,614)	163	601
1,233,456	1,061,416		1,061,416		15,709		(139,614)	163	601
53,357	53,357		53,357						
53,357	53,357		53,357						
14,460									
199,887	199,887		199,887						
383									
5,995	5,995		5,995						
410									
9,944	9,944		9,944						
21,472	38,264		38,264				(16,792)		
8,489									
92,045	92,045		92,045						
353,085	346,135		346,135				(16,792)		
406,442	399,492		399,492				(16,792)		
406,442	399,492		399,492				(16,792)		
\$ 1,703,857	\$ 1,524,867	\$ -	\$ 1,524,867	\$ -	\$ 15,709	\$ -	\$ (156,406)	\$ 163	\$ 601

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2020

State Grantor/ Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Required Match	Grant Period		Balance at June 30, 2019	
				From	To	Unearned Revenue / Accounts Receivable	Due to Grantor
General Fund:							
New Jersey Department of Education:							
State Aid - Public Cluster:							
Equalization Aid	495-034-5120-078	\$ 9,055,079		7-1-2018	6-30-2019	\$ (832,054)	
Equalization Aid	495-034-5120-078	9,876,633		7-1-2019	6-30-2020		
School Choice	495-034-5120-068	128,465		7-1-2018	6-30-2019	(12,847)	
School Choice	495-034-5120-068	95,670		7-1-2019	6-30-2020		
Security Aid	495-034-5120-084	269,252		7-1-2018	6-30-2019	(26,925)	
Security Aid	495-034-5120-084	269,252		7-1-2019	6-30-2020		
Special Education Aid	495-034-5120-089	1,061,043		7-1-2018	6-30-2019	(106,105)	
Special Education Aid	495-034-5120-089	1,061,043		7-1-2019	6-30-2020		
Total State Aid - Public Cluster:						(977,931)	-
Transportation Aid:							
Transportation Aid	495-034-5120-014	289,926		7-1-2018	6-30-2019	(28,993)	
Transportation Aid	495-034-5120-014	289,926		7-1-2019	6-30-2020		
Nonpublic Transportation Aid	495-034-5120-014	10,730		7-1-2018	6-30-2019	(10,730)	
Nonpublic Transportation Aid	495-034-5120-014	4,930		7-1-2019	6-30-2020		
Total Transportation Aid:						(39,723)	-
Extraordinary Special Education Aid Costs							
Extraordinary Special Education Aid Costs	495-034-5120-044	101,233		7-1-2018	6-30-2019	(101,233)	
Extraordinary Special Education Aid Costs	495-034-5120-044	228,812		7-1-2019	6-30-2020		
Total Extraordinary Aid						(101,233)	-
Reimbursed T.P.A.F. Social Security Contributions							
Reimbursed T.P.A.F. Social Security Contributions	495-034-5095-002	679,715		7-1-2018	6-30-2019	(33,533)	
Reimbursed T.P.A.F. Social Security Contributions	495-034-5095-002	717,646		7-1-2019	6-30-2020		
Total Reimbursed T.P.A.F. Social Security Contributions						(33,533)	-
On-Behalf T.P.A.F. Contributions (non-budgeted):							
On-Behalf T.P.A.F. Pension - Post-Retirement Medical	495-034-5094-001	682,694		7-1-2019	6-30-2020		
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	1,807,833		7-1-2019	6-30-2020		
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	32,403		7-1-2019	6-30-2020		
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	1,826		7-1-2019	6-30-2020		
Total On-Behalf TPAF Pension Contributions (non-budgeted)						-	-
Total General Fund						(1,152,420)	-
Special Revenue Fund:							
New Jersey Department of Education							
Nonpublic Aid:							
Nursing Services	100-034-5120-373	18,527		7-1-2019	6-30-2020		
Textbook Aid (Ch. 194)	100-034-5120-064	11,267		7-1-2018	6-30-2019		\$ 15
Textbook Aid (Ch. 194)	100-034-5120-064	9,962		7-1-2019	6-30-2020		
Technology Initiative Aid	400-034-5120-373	7,596		7-1-2018	6-30-2019		29
Technology Initiative Aid	400-034-5120-373	6,804		7-1-2019	6-30-2020		
Auxiliary Services (Ch. 192)							
Compensatory Education	100-034-5120-067	65,990		7-1-2018	6-30-2019		15,238
Transportation	100-034-5120-067	8,893		7-1-2018	6-30-2019		5,496
Auxiliary Services (Ch. 192)							
Compensatory Education	100-034-5120-067	73,007		7-1-2019	6-30-2020		
English as a Second Language	100-034-5120-067	4,136		7-1-2019	6-30-2020		
Transportation	100-034-5120-067	7,072		7-1-2019	6-30-2020		
Handicapped Services (Ch. 193)							
Supplemental Instruction	100-034-5120-068	18,238		7-1-2018	6-30-2019		6,026
Corrective Speech	100-034-5120-068	31,248		7-1-2018	6-30-2019		9,732
Examination and Classification	100-034-5120-068	28,939		7-1-2018	6-30-2019		10,193
Handicapped Services (Ch. 193)							
Supplemental Instruction	100-034-5120-068	15,380		7-1-2019	6-30-2020		
Corrective Speech	100-034-5120-068	23,696		7-1-2019	6-30-2020		
Examination and Classification	100-034-5120-068	20,254		7-1-2019	6-30-2020		
Security Aid	100-034-5120-509	28,650		7-1-2019	6-30-2020		
Total Nonpublic Aid:							46,729
Preschool Education Aid	495-034-5120-086	322,140	\$ 53,085	7-1-2018	6-30-2019	81,737	
Preschool Education Aid	495-034-5120-086	983,610		7-1-2019	6-30-2020		
Total Preschool Education Aid						81,737	-
Total New Jersey Department of Education						81,737	46,729
New Jersey Department of Human Services							
School Based Youth Service Program	18CTHP	228,704		7-1-2017	6-30-2018		55
School Based Youth Service Program	19CTHP	238,567		7-1-2018	6-30-2019		25
School Based Youth Service Program	20CTHP	238,567		7-1-2019	6-30-2020		
Family Friendly	18CTHP	45,463		7-1-2017	6-30-2018		1
Family Friendly	19CTHP	45,963		7-1-2018	6-30-2019		54
Family Friendly	20CTHP	45,963		7-1-2019	6-30-2020		
Total New Jersey Department of Human Services							135
Total Special Revenue Fund						81,737	46,864
Debt Service Fund							
New Jersey Department of Education							
Debt Service Aid Type II	495-034-5120-075	110,544		7-1-2019	6-30-2020		
Total Debt Service Fund						-	-
Enterprise Fund:							
New Jersey Department of Agriculture							
Child Nutrition Cluster:							
State School Lunch Program	100-010-3350-023	6,706		7-1-2018	6-30-2019	(340)	
State School Lunch Program	100-010-3350-023	6,509		7-1-2018	6-30-2019		
Total Enterprise Fund						(340)	-
Total State Financial Assistance						\$ (1,071,023)	\$ 46,864
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 - Post-Retirement Medical	495-034-5094-001	682,694		7-1-2019	6-30-2020		
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	1,807,833		7-1-2019	6-30-2020		
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	32,403		7-1-2019	6-30-2020		
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	1,826		7-1-2019	6-30-2020		
Total General Fund (Non-Cash Assistance)						-	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit						\$ (1,071,023)	\$ 46,864

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

Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2020			Memo		
						Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable 6/30/2020	Cumulative Total Expenditures	
	\$ 832,054										
	8,956,865	\$ 9,876,633				\$ (919,768)			\$ (919,768)	\$ 9,876,633	
	12,847					(9,567)			(9,567)	95,670	
	86,103	95,670									
	26,925					(26,925)			(26,925)	289,252	
	242,327	269,252									
	106,105					(106,105)			(106,105)	1,061,043	
	954,938	1,061,043									
	-	11,218,164	11,302,598	-	-	(1,062,365)	-	-	(1,062,365)	11,302,598	
	28,993					(28,993)			(28,993)	289,926	
	260,933	289,926									
	10,730					(4,930)				4,930	
	-	4,930									
	300,656	294,856	-	-	-	(33,923)	-	-	(28,993)	294,856	
	101,233					(228,812)				228,812	
	-	228,812									
	101,233	228,812	-	-	-	(228,812)	-	-	-	228,812	
	33,533					(35,777)				717,646	
	681,869	717,646									
	-	715,402	717,646	-	-	(35,777)	-	-	-	717,646	
	682,694	682,694									
	1,807,833	1,807,833									
	32,403	32,403									
	1,826	1,826									
	-	2,524,756	2,524,756	-	-	-	-	-	-		
	-	14,860,211	15,068,668	-	-	(1,360,877)	-	-	(1,091,358)	12,543,912	
	18,527	18,527									
	9,962	9,929			\$ (15)			\$ 33			
	6,804	6,759			(29)			45			
					(15,238)						
					(5,496)						
	65,707	41,777				(7,300)		31,230			
	3,722	3,309				(414)		827			
	6,365	3,106				(707)		3,966			
					(6,026)						
					(9,732)						
					(10,193)						
	13,820	10,685				(1,560)		4,695			
	21,292	20,780				(2,404)		2,916			
	18,199	16,356				(2,055)		3,898			
	28,650	28,640						10			
	-	193,048	159,868	-	-	(46,729)	(14,440)	47,620			
	32,214	113,951				(96,127)	\$ 155,815		(96,127)	113,951	
	865,148	805,460								805,460	
	897,362	919,411				(96,127)	155,815		(96,127)	919,411	
	1,090,410	1,079,279			(46,729)	(110,567)	155,815	47,620	(96,127)	919,411	
	228,704	216,103						55			
								25			
								12,601			
								1			
								54			
	45,469	31,206						14,263			
	-	274,173	247,309	-	-	-	-	26,999			
	1,364,583	1,326,588			(46,729)	(110,567)	155,815	74,619	(96,127)	919,411	
	110,544	110,544								110,544	
	-	110,544	110,544	-	-	-	-	-		110,544	
	340										
	4,772	6,509				(1,737)				6,509	
	-	5,112	6,509	-	-	(1,737)	-	-		6,509	
\$ -	\$ 16,340,450	\$ 16,512,309	\$ -	\$ -	\$ (46,729)	\$ (1,473,181)	\$ 155,815	\$ 74,619	\$ (1,187,485)	\$ 13,580,376	

682,694
1,807,833
32,403
1,826
2,524,756
\$ 13,987,553

BOROUGH OF CLAYTON SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: INDIRECT COST RATE

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

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(84,435) for the general fund and \$(78,585) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 63,959	\$ 14,984,233	\$ 15,048,192
Special Revenue	1,066,929	1,242,490	2,309,419
Debt Service		110,544	110,544
Food Service	399,492	6,509	406,001
	<u>1,530,380</u>	<u>16,343,776</u>	<u>17,874,156</u>
GAAP Basis Revenues			
GAAP Adjustments			
State Aid Payments		(148,348)	(148,348)
Encumbrances	(5,513)	316,881	311,368
	<u>(5,513)</u>	<u>168,533</u>	<u>163,020</u>
Total Awards and Financial Assistance Expended	<u>\$ 1,524,867</u>	<u>\$ 16,512,309</u>	<u>\$ 18,037,176</u>

Note 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2020, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: **MAJOR PROGRAMS**

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2020

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? ___ yes x no

 Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? ___ yes x no

 Significant deficiency(ies) identified? ___ yes x none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Child Nutrition Cluster:
<u>10.553</u>	<u>NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>NJ304N1099</u>	<u>Healthy Hunger Free Kids Act</u>
<u>10.555</u>	<u>NJ304N1099</u>	<u>After School Snack Program</u>
<u>10.555</u>	<u>NJ304N1099</u>	<u>Seamless Summer Option - COVID-19 Cares Act</u>
<u>10.555</u>	<u>NJ304N1099</u>	<u>National School Lunch Program - Commodities</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? x yes ___ no

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, requires.

No current year findings.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

No current year findings.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

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

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

No current year findings.

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

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

FINANCIAL STATEMENT FINDINGS

No prior year findings.

FEDERAL AWARDS

No prior year findings.

STATE FINANCIAL ASSISTANCE PROGRAMS

No prior year findings.

