

# **CLEMENTON SCHOOL DISTRICT**



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

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

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## **INTRODUCTORY SECTION**

# *Clementon School District*

CLEMENTON BOARD OF EDUCATION  
4 Audubon Avenue  
Clementon, NJ 08021  
Telephone: (856) 783-2300  
Fax: (856) 783-8929

CLEMENTON ELEMENTARY SCHOOL  
4 Audubon Avenue  
Clementon, NJ 08021  
Telephone: (856) 783-2300  
Fax: (856) 783-8929

February 10, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Clementon School District ("District") for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provided educational services for grades Pre-Kindergarten through grade 8 in our building. Through a send/receive relationship with the Pine Hill School District, we provide programs for our students in grades 9-12, including Special Education. The District completed the 2019-2020 fiscal year with an average enrollment of 497 students. The following details the changes in the student enrollment of the District over the last thirteen (13) years.

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## AVERAGE DISTRICT ENROLLMENT

FISCAL YEAR	STUDENT ENROLLMENT	INCREASE/ DECREASE	PERCENT CHANGE
2019-2020	497	12	2.4
2018-2019	485	39	8.7
2017-2018	446	0	0
2016-2017	446	-18	4.2
2015-2016	465	36	8.6
2014-2015	428	-26	5.0
2013-2014	454	2	.01
2012-2013	452	-4	.01
2011-2012	456	-22	.05
2010-2011	478	-18	.04
2009-2010	496	-23	.05
2008-2009	519	6	0.1
2007-2008	513	-20	2.2
2006-2007	533	-45	1.1

## **2. ECONOMIC CONDITION AND OUTLOOK:**

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

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

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2. **ECONOMIC CONDITION AND OUTLOOK (CONT'D)**: Clementon educates students in preschool through high school, entering into a send/receive relationship with the Pine Hill School District for the programs for 9<sup>th</sup> through 12<sup>th</sup> graders. Our enrollment of Pre-K - 8<sup>th</sup> grade students has increased for the 2019-20 school year. Clementon students enrolled at Overbrook High School in Pine Hill number 118.

3. **MAJOR INITIATIVES**: The District is utilizing the Marzano Teacher Evaluation System and is following the requirements of ACHIEVE NJ. In addition, the District has implemented Student Growth Objectives (SGOs) that get linked the to the teacher's overall summative evaluation. Some of the programs we use for assessing students include IRLA, Benchmarks assessments, STAR, and Study Island. These programs allow teachers to identify students that need remediation with academic skills. All of these programs are aligned with the NJ state standards. We added a visionary science lab for middle school students and science lab furniture for 4<sup>th</sup> and 5<sup>th</sup> grade science classes. We ordered science materials to support the NJ Science Standards.

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

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

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

An encumbrance account system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as an assignment of fund balance at June 30, 2019.

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

# Clementon School District

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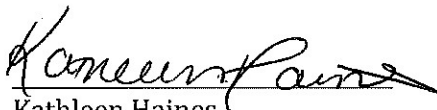
7. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under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

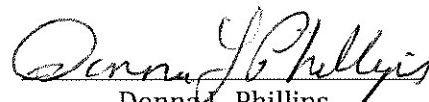
8. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

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

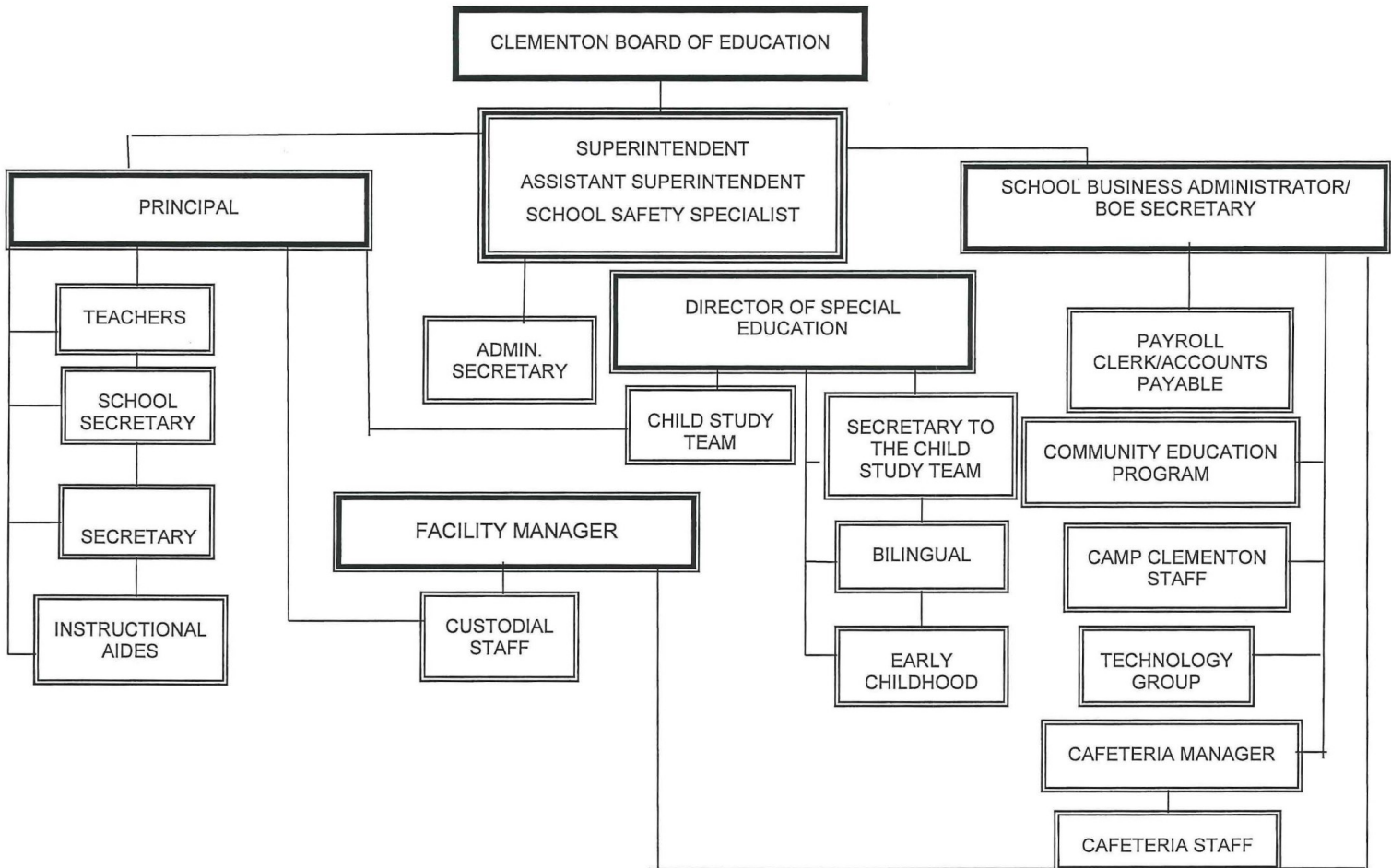
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Clementon Board of Education for their concern in providing fiscal accountability to the citizens and taxpayer of the school district and thereby contributing full support to the development and maintenance of our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

Respectfully submitted,

  
Kathleen Haines  
Superintendent

  
Donna L. Phillips  
School Business Administrator/  
Board Secretary

CLEMENTON BOARD OF EDUCATION  
ORGANIZATIONAL CHART



**CLEMENTON SCHOOL DISTRICT  
CLEMENTON, NJ**

Roster of Officials

June 30, 2020

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<u>Members of the Board of Education</u>	<u>Term Expires</u>
Katherine Anderson, President	2020
Randall Freiling, Vice President	2020
Nicole Allen	2022
Danielle Aubry	2022
Gilbert Geary	2021
Christopher McKelvey	2021
Lisa Moore	2020
Michael T. Nichols	2022
Christy Weaver	2021

Other Officials

Kathleen Haines, Superintendent of Schools

Mary Bakey, Treasurer of School Moneys, through 1/1/20

Valerie Carmody, Interim School Business Administrator / Board Secretary, through 6/30/20

Frank Cavallo, Jr., Esq., Attorney



**CLEMENTON SCHOOL DISTRICT  
CLEMENTON, NJ**

Consultants and Advisors

June 30, 2020

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Auditor

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

Attorney

Frank Cavallo, Jr., Esq.  
Parker McCay P.A.  
9000 Midatlantic Drive, Suite 300  
P.O. Box 5054  
Mount Laurel, NJ 08054-5054

Official Depository

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

Medical

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

Insurance Broker

Brown & Brown Consulting Group  
24 Arnett Avenue  
Lambertville, New Jersey 08530  
  
Burlington County Joint Insurance Pool  
6000 Sagemore Drive, Suite 6203  
P.O. Box 489  
Marlton, New Jersey 08053

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clementon School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 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 unmodified and qualified audit opinions.

**Opinions*****Basis for Qualified Opinions on the Business-Type Activities and Enterprise Funds***

Management could not provide original supporting documentation to substantiate revenues for the Camp Clementon Community Education fund for the fiscal year ended June 30, 2020. As a result of not being able to obtain sufficient appropriate audit evidence about the recorded amount of the School District's Camp Clementon Community Education Fund's revenue for the fiscal year ended June 30, 2020, we were unable to determine whether any adjustments were necessary to the aforementioned revenues for the Camp Clementon Community Education fund for the fiscal year ended June 30, 2020.

***Qualified Opinions***

In our opinion, except for the possible effects of the matter described in the "*Basis for Qualified Opinions on Business-Type Activities and Enterprise Funds*" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the *Business-Type Activities and Enterprise Funds* of the Clementon School District, in the County of Camden, State of New Jersey, as of June 30, 2020, and the 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.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the *Governmental Activities, General Fund, Special Revenue Fund, Food Service Fund*, and the aggregate remaining fund information of the Clementon School District, in the County of Camden, State of New Jersey, as of June 30, 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 Clementon 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.

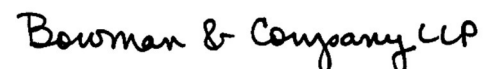
The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2021 on our consideration of the Clementon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clementon School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clementon School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



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

Voorhees, New Jersey  
February 10, 2021

**Exhibit K-1**

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clementon School District, in the County of Camden, 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 February 10, 2021. Our opinion was modified to include a qualified opinion on the business-type activities and the Camp Clementon Community Education Fund because of the lack of supporting documentation to substantiate revenues for the Camp Clementon Community Education Fund.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Clementon School District's internal control over financial reporting (internal control) 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 Clementon School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as *Finding No. 2020-002* that we consider to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clementon School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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, and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Findings No. 2020-001, 2020-002, and 2020-003.

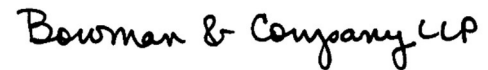
## Clementon School District's Response to Findings

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

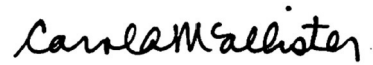
## Purpose of this Report

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



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

Voorhees, New Jersey  
February 10, 2021

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



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

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As management of the Clementon School District (hereafter referred to as the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the School District's financial performance.

## **FINANCIAL HIGHLIGHTS**

- The net position of the School District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$6,482,965.25 at the close of the current fiscal year. Of this amount, \$6,088,442.79 represents net position of governmental activities and \$394,522.46 for business-type activities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$2,068,604.19, a decrease of \$55,749.92, or three percent (3%), in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was a deficit of \$377,245.00, which represents a one percent (1%) decrease from that of the prior fiscal year. Maintaining fund balance is vital for the School District's cash flow. Additional information as to the cause of this unassigned deficit fund balance can be found in note 18 to the financial statements.

## **USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

### **Reporting the School District as a Whole**

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

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

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

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

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

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

Reporting the School District's Most Significant Funds

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

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

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

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

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

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

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

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

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

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

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

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

**THE SCHOOL DISTRICT AS A WHOLE**

During fiscal year 2020, the School District's net position decreased by \$50,455.38, decreasing from \$6,533,420.63 in fiscal year 2019 to \$6,482,965.25 in fiscal year 2020. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental-type activities and business-type activities.

In total, assets decreased by \$248,458.15, deferred outflows of resources decreased by \$74,161.00, liabilities decreased by \$193,450.77, and deferred inflows of resources decreased by \$78,713.00. The decrease in assets was attributable to the decrease in restricted cash and cash equivalents and capital assets. The decrease in deferred outflows of resources, deferred inflows of resources and liabilities were primarily attributable to the changes in the School District's pension liabilities (pensions - see note 8).

TABLE 1 NET POSITION								
	Governmental Activities		Business-Type Activities		Government-wide Totals		Government-wide	
	2020	2019	2020	2019	2020	2019	Change	% Change
Current and Other Assets	\$ 2,224,523.46	\$ 2,335,523.26	\$ 356,989.53	\$ 303,824.43	\$ 2,581,512.99	\$ 2,639,347.69	\$ (57,834.70)	-2.2%
Capital Assets	5,540,325.41	5,729,908.86	39,235.00	40,275.00	5,579,560.41	5,770,183.86	(190,623.45)	-3.3%
Total Assets	7,764,848.87	8,065,432.12	396,224.53	344,099.43	8,161,073.40	8,409,531.55	(248,458.15)	-3.0%
Deferred Outflows of Resources	190,449.00	264,610.00	-	-	190,449.00	264,610.00	(74,161.00)	-28.0%
Other Liabilities	250,844.32	296,712.56	1,702.07	5,012.03	252,546.39	301,724.59	(49,178.20)	-16.3%
Long-Term Liabilities Outstanding	1,095,402.76	1,239,675.33	-	-	1,095,402.76	1,239,675.33	(144,272.57)	-11.6%
Total Liabilities	1,346,247.08	1,536,387.89	1,702.07	5,012.03	1,347,949.15	1,541,399.92	(193,450.77)	-12.6%
Deferred Inflows of Resources	520,608.00	599,321.00	-	-	520,608.00	599,321.00	(78,713.00)	-13.1%
Net Investment in Capital Assets	5,540,325.41	5,729,908.86	39,235.00	40,275.00	5,579,560.41	5,770,183.86	(190,623.45)	-3.3%
Restricted	1,918,394.33	2,305,364.66	-	-	1,918,394.33	2,305,364.66	(386,970.33)	-16.8%
Unrestricted (Deficit)	(1,370,276.95)	(1,840,940.29)	355,287.46	298,812.40	(1,014,989.49)	(1,542,127.89)	527,138.40	34.2%
Net Position	\$ 6,088,442.79	\$ 6,194,333.23	\$ 394,522.46	\$ 339,087.40	\$ 6,482,965.25	\$ 6,533,420.63	\$ (50,455.38)	-0.8%

**CLEMENTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
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(Unaudited)

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

\$5,579,560.41 of the School District's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., land, buildings, and equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvements of those assets. The School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the School District's net position in the amount of \$1,918,394.33 represents resources that are restricted. These amounts consist of amounts restricted for emergencies, maintenance, excess surplus, legal reserves, and capital projects. Additional information on the School District's restricted net position can be found in note 18 in the notes to the financial statements.

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the School District's unrestricted net position was in a deficit in the amount of \$1,014,989.49. The deficit is primarily due to the delay of the June state aid payments and the recording of long-term liabilities for early retirement incentive, compensated absences, and net pension liability.

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

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

During fiscal year 2020, the School District's total revenues decreased by \$1,462,320.68, decreasing from \$15,410,583.79 in fiscal year 2019 to \$13,948,263.05 in fiscal year 2020. The net change in total revenues is largely attributable to the following:

- operating grants and contributions decreased from fiscal year 2019 by \$2,701,008.23, or 66.0%
- federal and state aid – unrestricted increased from fiscal year 2019 by \$1,107,634.72, 16.8%
- property taxes for debt service increased by \$85,696.00, or 2.0%.
- miscellaneous revenue increased from fiscal year 2019 by \$47,382.71, or 45.8%, due to the school district receiving an increase in solar renewable energy credits in fiscal year 2020.

Property taxes constituted approximately thirty-one percent (31%) of total revenues for the School District for the fiscal year 2020. In addition, unrestricted federal and state aid constituted approximately fifty-five percent (55%) of total revenues for the School District.

Lastly, charges for services, operating grants and contributions interest and investment earnings, and miscellaneous income constituted approximately fourteen percent (14%) of total revenues for the School District.

**CLEMENTON SCHOOL DISTRICT**  
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(Unaudited)

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

TABLE 2 CHANGES IN NET POSITION								
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-wide Totals</u>		<u>Government-wide</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
<b>REVENUES:</b>								
Program Revenues:								
Charges for Services	\$ 58,235.70	\$ 91,532.84	\$ 182,033.19	\$ 197,339.33	\$ 240,268.89	\$ 288,872.17	\$ (48,603.28)	-16.8%
Operating Grants and Contributions	1,185,649.22	3,899,213.46	208,398.66	195,842.65	1,394,047.88	4,095,056.11	(2,701,008.23)	-66.0%
General Revenues:								
Property Taxes:								
Levied for General Purposes	4,370,501.00	4,284,805.00			4,370,501.00	4,284,805.00	85,696.00	2.0%
Federal and State Aid - Unrestricted	7,705,412.25	6,597,777.53			7,705,412.25	6,597,777.53	1,107,634.72	16.8%
Interest and Investment Earnings - Unrestricted	12,240.81	28,076.68	3,369.11	2,917.54	15,609.92	30,994.22	(15,384.30)	-49.6%
Interest and Investment Earnings - Restricted	7,326.66	9,557.96			7,326.66	9,557.96	(2,231.30)	100.0%
Miscellaneous	150,903.45	103,520.74			150,903.45	103,520.74	47,382.71	45.8%
Cancellation of Prior Year Liability	64,193.00	-			64,193.00	-	64,193.00	#DIV/0!
Total Revenues	<u>13,554,462.09</u>	<u>15,014,484.21</u>	<u>393,800.96</u>	<u>396,099.52</u>	<u>13,948,263.05</u>	<u>15,410,583.73</u>	<u>(1,462,320.68)</u>	-9.5%
<b>EXPENSES:</b>								
Instruction	3,960,350.57	3,871,905.96			3,960,350.57	3,871,905.96	88,444.61	2.3%
Support Services	9,620,057.37	11,694,499.52			9,620,057.37	11,694,499.52	(2,074,442.15)	-17.7%
Transfer of Funds to Charter School	45,836.00	229,180.53			45,836.00	229,180.53	(183,344.53)	-80.0%
Unallocated Depreciation	34,108.59	37,960.64			34,108.59	37,960.64	(3,852.05)	-10.1%
Food Service			236,623.40	258,773.53	236,623.40	258,773.53	(22,150.13)	-8.6%
Camp Clementon Community Education			101,742.50	118,259.37	101,742.50	118,259.37	(16,516.87)	-14.0%
Total Expenses	<u>13,660,352.53</u>	<u>15,833,546.65</u>	<u>338,365.90</u>	<u>377,032.90</u>	<u>13,998,718.43</u>	<u>16,210,579.55</u>	<u>(2,211,861.12)</u>	-13.6%
Change in Net Position	(105,890.44)	(819,062.44)	55,435.06	19,066.62	(50,455.38)	(799,995.82)	<u>\$ 749,540.44</u>	-93.7%
Net Position, July 1	<u>6,194,333.23</u>	<u>7,013,395.67</u>	<u>339,087.40</u>	<u>320,020.78</u>	<u>6,533,420.63</u>	<u>7,333,416.45</u>		
Net Position, June 30	<u>\$ 6,088,442.79</u>	<u>\$ 6,194,333.23</u>	<u>\$ 394,522.46</u>	<u>\$ 339,087.40</u>	<u>\$ 6,482,965.25</u>	<u>\$ 6,533,420.63</u>		

During fiscal year 2020, the School District's total expenses decreased by \$2,211,861.12, decreasing from \$16,210,579.55 in fiscal year 2019 to \$13,998,718.43 in fiscal year 2020. The net increase is largely attributable to the following:

- a decrease of costs for support services in the amount of \$2,074,442.15, or 17.7%, attributable to tuition payments, pension and other post employment benefit costs.

**THE SCHOOL DISTRICT'S FUNDS**

**Governmental Funds**

As the School District completed the fiscal year, its governmental funds reported a combined fund balance of \$2,068,604.19, which is a decrease over last fiscal year's total of \$2,124,354.11. Of the combined ending fund balances of \$2,068,604.19, the deficit unassigned fund balance was \$377,245.00 (see note 17 for cause of deficit). The remainder of fund balance is restricted / assigned to indicate that it is not available for new spending because it has already been assigned as follows: (1) restricted for capital reserve (\$332,328.01), (2) restricted for legal reserves (\$575,874.43), (3) restricted for emergency reserve (\$66,814.30), (4) restricted for maintenance reserve (\$128,997.93), (5) restricted for excess surplus (\$1,160,879.99), and (6) assigned to liquidate contracts and purchase orders of the prior period (\$183,575.17).

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

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

Governmental Funds (Cont'd)

*General fund* - The general fund is the general operating fund of the School District and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, unassigned fund balance of the general fund was in a deficit in the amount of \$377,245.00. As previously stated, the deficit is primarily due to the delay of the June state aid payments (see note 17 to the financial statements).

During the current fiscal year, the fund balance of the School District's general fund decreased by \$59,351.78, or three percent (3%). The primary factor affecting the fund balance of the general fund is as follows:

- the fiscal year 2020 tuition expense amount was \$3,606,633.83 in comparison to fiscal year 2019 of \$3,674,111.41; which shows a leveling off after a prior year tuition increase for students in grades nine through twelve, including special education students
- the fiscal year 2020 personal services-employee benefits expense amount was \$2,850,393.29 in comparison to fiscal year 2019 of \$2,840,783.89; an increase of \$9,609.40.

*Special revenue fund* - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Total expenditures, resulting from these programs totaled \$457,317.17, which was a decrease of \$126,738.37 compared to the expenditures of the previous fiscal year, which totaled \$584,055.54, which is mainly due to open encumbrances at June 30, 2020.

Proprietary Funds (Enterprise Funds)

*Food service fund* - as the School District completed the fiscal year, the School District's total net position of the food service fund was \$122,849.62, which was comprised of \$39,235.00 of net investment in capital assets and \$83,614.62 of unrestricted net position.

During the current fiscal year, the net position of the School District's food service fund increased by \$21,228.91, or twenty-one percent (21.0%). The increase in net position primarily resulted from the decrease in expenditures of \$38,667.00 as a result of the school closure due to Covid-19.

*Camp Clementon Community Education Fund* - as the School District completed the fiscal year, the School District's total net position of the Camp Clementon Community Education Fund was unrestricted in the amount of \$271,672.84.

During the current fiscal year, the net position of the School District's Camp Clementon Community Education Fund increased by \$34,206.15. The factors contributing to the increase in net position of the Camp Clementon Community Education Fund is the result of tuition revenue for the fiscal year 2020 remaining relatively comparable to the prior fiscal year and expense decreasing by \$16,516.87.

**CLEMENTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
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(Unaudited)

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

**General Fund Budgetary Highlights**

The final budgetary basis revenue estimate was \$11,327,062.00, which was the same as the original budgeted estimate. Total budgeted revenues realized equaled \$12,596,280.09, which was \$1,269,218.09 in excess of the budget estimate. This excess was directly attributable to the School District's on-behalf T.P.A.F. pension contributions (normal cost, post-retirement medical, and long-term disability) and reimbursed T.P.A.F. social security contributions, which totaled \$712,206.00 and \$263,876.00 respectively. In addition, the School District realized \$69,509.92 in excess of budgeted revenues for unrestricted miscellaneous revenue.

The final budgetary basis expenditure appropriation estimate was \$12,562,024.45, which increased from the original budgeted estimate of \$12,362,891.00. The increase of \$199,133.45 was for a budget amendment for construction services. Actual expenditures incurred of \$12,635,228.37 were over the final budget estimate by \$73,203.92. This unfavorable variance resulted from the corresponding non-budget expenditures associated with the aforementioned on-behalf T.P.A.F. pension contributions and reimbursed T.P.A.F. social security contributions.

**Special Revenue Fund Budgetary Highlights**

The final budgetary basis revenue estimate was \$763,895.00, which was an increase of \$231,617.00 from the original budgeted estimate as a result of recognizing an additional grant relating to the COVID-19 pandemic. Likewise, this was the same for the final budgetary basis appropriation estimate.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The School District's net investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to a historical cost of \$12,940,091.41 or \$5,579,560.41 net of accumulated depreciation (see Table 3). This net investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, and machinery and equipment. Net capital assets decreased by \$190,623.45 in fiscal year 2020 from fiscal year 2019. The primary factors affecting the net change in net capital assets are as follows:

- increases in construction in progress, buildings and building improvements, and machinery and equipment resulting from upgrades to HVAC controls and other projects that are anticipated to be completed during the next fiscal year
- current year depreciation expense was \$341,079.00 and \$8,690.00 for the governmental and business-type activities, respectively.

TABLE 3 CAPITAL ASSETS AT FISCAL YEAR END (NET OF ACCUMULATED DEPRECIATION)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-wide Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 178,131.00	\$ 178,131.00			\$ 178,131.00	\$ 178,131.00
Construction in Progress	436,238.70	300,155.90			436,238.70	300,155.90
Land Improvements	64,872.56	71,569.56			64,872.56	71,569.56
Buildings and Building Improvements	4,560,405.10	4,860,595.65			4,560,405.10	4,860,595.65
Machinery and Equipment	300,678.05	319,456.75	\$ 39,235.00	\$ 40,275.00	339,913.05	359,731.75
Total	<u>\$ 5,540,325.41</u>	<u>\$ 5,729,908.86</u>	<u>\$ 39,235.00</u>	<u>\$ 40,275.00</u>	<u>\$ 5,579,560.41</u>	<u>\$ 5,770,183.86</u>

Additional information on the School District's capital assets can be found in note 6.

**CLEMENTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
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(Unaudited)

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

**Debt**

*General Serial Bonds.* At the end of the current fiscal year, the School District had no total bonded debt outstanding.

*Early Retirement Incentive.* At the end of the current fiscal year, the liability for the early retirement incentive was \$13,787.00. This amount represents the School District's accrued liability for its proportionate share of the "Regional High School Early Retirement Incentive Program". Additional information on the School District's liability can be found in note 7 to the financial statements.

*Net Pension Liability.* At the end of the current fiscal year, the liability for pension was \$1,013,972.00. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid on an annual basis. For additional details on the net pension liability, see note 8 to the financial statements.

*Compensated Absences.* At the end of the current fiscal year, the liability for compensated absences was \$100,484.81. Compensated absences are those absences for which employees will be paid, such as sick leave. Additional information on compensated absences can be found in note 13 to the financial statements.

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

For the fiscal year 2020, the School District was able to sustain its budget through property taxes, federal and state sources, and other various revenue sources. Approximately thirty-one percent (31%) of total revenue is from property taxes, while fifty-five percent (55%) of the School District's revenue is from federal, state, and local sources.

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

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



## **BASIC FINANCIAL STATEMENTS**

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CLEMENTON SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,414,689.82	\$ 355,647.26	\$ 1,770,337.08
Internal Balances	19,618.24	(19,618.24)	
Accounts Receivable, net	420,339.14	13,944.37	434,283.51
Inventory		7,016.14	7,016.14
Restricted Assets:			
Cash and Cash Equivalents	369,876.26		369,876.26
Capital Assets, net	<u>5,540,325.41</u>	<u>39,235.00</u>	<u>5,579,560.41</u>
Total Assets	<u>7,764,848.87</u>	<u>396,224.53</u>	<u>8,161,073.40</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions	<u>190,449.00</u>	<u>-</u>	<u>190,449.00</u>
<b>LIABILITIES:</b>			
Accounts Payable:			
Other	73,568.47	1,702.07	75,270.54
Pensions	62,084.00		62,084.00
Unearned Revenue	82,350.80		82,350.80
Noncurrent Liabilities:			
Due within One Year	32,841.05		32,841.05
Due beyond One Year	<u>1,095,402.76</u>		<u>1,095,402.76</u>
Total Liabilities	<u>1,346,247.08</u>	<u>1,702.07</u>	<u>1,347,949.15</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions	<u>520,608.00</u>	<u>-</u>	<u>520,608.00</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	5,540,325.41	39,235.00	5,579,560.41
Restricted for:			
Other Purposes	1,918,394.33		1,918,394.33
Unrestricted (Deficit)	<u>(1,370,276.95)</u>	<u>355,287.46</u>	<u>(1,014,989.49)</u>
Total Net Position	<u>\$ 6,088,442.79</u>	<u>\$ 394,522.46</u>	<u>\$ 6,482,965.25</u>

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

**CLEMENTON SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 2,982,827.39		\$ 424,348.53		\$ (2,558,478.86)		\$ (2,558,478.86)
Special Education	884,987.01	\$ 58,235.70			(826,751.31)		(826,751.31)
Other Special Instruction	54,435.60				(54,435.60)		(54,435.60)
Other Instruction	38,100.57				(38,100.57)		(38,100.57)
Support Services:							
Tuition	3,606,633.83				(3,606,633.83)		(3,606,633.83)
Student and Instruction Related Services	1,037,910.78		110,128.97		(927,781.81)		(927,781.81)
Other Administrative Services	386,058.41				(386,058.41)		(386,058.41)
School Administrative Services	321,782.38				(321,782.38)		(321,782.38)
Plant Operations and Maintenance	472,875.90				(472,875.90)		(472,875.90)
Pupil Transportation	661,686.78				(661,686.78)		(661,686.78)
Personal Services - Employee Benefits	3,133,109.29		651,171.72		(2,481,937.57)		(2,481,937.57)
Transfer of Funds to Charter School	45,836.00				(45,836.00)		(45,836.00)
Unallocated Depreciation	34,108.59				(34,108.59)		(34,108.59)
Total Governmental Activities	13,660,352.53	58,235.70	1,185,649.22	\$ -	(12,416,467.61)	\$ -	(12,416,467.61)
Business-Type Activities:							
Food Service	236,623.40	49,453.65	208,398.66			21,228.91	21,228.91
Camp Clementon Community Education	101,742.50	132,579.54				30,837.04	30,837.04
Total Business-Type Activities	338,365.90	182,033.19	208,398.66	-	-	52,065.95	52,065.95
Total Government	\$ 13,998,718.43	\$ 240,268.89	\$ 1,394,047.88	\$ -	(12,416,467.61)	52,065.95	(12,364,401.66)
General Revenues:							
Property Taxes:							
Levied for General Purposes					4,370,501.00		4,370,501.00
Federal and State Aid - Unrestricted					7,705,412.25		7,705,412.25
Interest and Investment Earnings - Unrestricted					12,240.81	3,369.11	15,609.92
Interest and Investment Earnings - Restricted					7,326.66		7,326.66
Miscellaneous					150,903.45		150,903.45
Cancellation of Prior Year Liability					64,193.00		64,193.00
Total General Revenues					12,310,577.17	3,369.11	12,313,946.28
Change in Net Position					(105,890.44)	55,435.06	(50,455.38)
Net Position, July 1					6,194,333.23	339,087.40	6,533,420.63
Net Position, June 30					\$ 6,088,442.79	\$ 394,522.46	\$ 6,482,965.25

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

## **FUND FINANCIAL STATEMENTS**

**CLEMENTON SCHOOL DISTRICT**  
Governmental Funds  
Balance Sheet  
June 30, 2020

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,414,689.82		\$ 1,414,689.82
Cash and Cash Equivalents - Capital Reserve	369,876.26		369,876.26
Interfunds Account Receivable:			
Special Revenue Fund	136,679.66		136,679.66
Enterprise Fund	19,618.24		19,618.24
Fiduciary Funds	5,648.89		5,648.89
Intergovernmental Accounts Receivable, net:			
Federal		\$ 289,978.29	289,978.29
State	124,711.96		124,711.96
<b>Total Assets</b>	<b>\$ 2,071,224.83</b>	<b>\$ 289,978.29</b>	<b>\$ 2,361,203.12</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Interfunds Account Payable:			
General Fund		\$ 136,679.66	\$ 136,679.66
Intergovernmental Accounts Payable:			
State		73,568.47	73,568.47
Unearned Revenue		82,350.80	82,350.80
<b>Total Liabilities</b>	<b>\$ -</b>	<b>292,598.93</b>	<b>292,598.93</b>
<b>Fund Balances:</b>			
Restricted:			
Capital Reserve	332,328.01		332,328.01
Emergency Reserve	66,814.30		66,814.30
Maintenance Reserve	128,997.93		128,997.93
Excess Surplus	814,379.66		814,379.66
Legal Reserve	575,874.43		575,874.43
Assigned:			
Other Purposes	183,575.17		183,575.17
For Subsequent Year's Expenditures	346,500.33		346,500.33
Unassigned (Deficit)	(377,245.00)	(2,620.64)	(379,865.64)
<b>Total Fund Balances</b>	<b>2,071,224.83</b>	<b>(2,620.64)</b>	<b>2,068,604.19</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,071,224.83</b>	<b>\$ 289,978.29</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. The cost of the capital assets is \$12,768,313.41 and the accumulated depreciation is \$7,227,988.00.

5,540,325.41

Deferred outflows and deferred inflows related to pensions represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements.

(330,159.00)

Accounts payable related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.

(62,084.00)

Long-term liabilities, including compensated absences payable, pension liability, and early retirement incentive, are not due and payable in the current period and therefore are not reported in the fund financial statements.

(1,128,243.81)

Net Position of Governmental Activities

**\$ 6,088,442.79**

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Local Tax Levy	\$ 4,370,501.00		\$ 4,370,501.00
Tuition Charges	58,235.70		58,235.70
Interest Earned on Restricted Funds	7,326.66		7,326.66
Miscellaneous Revenues	163,144.26		163,144.26
Federal Sources	15,186.75	\$ 460,434.29	475,621.04
State Sources	7,961,482.22	71,048.50	8,032,530.72
Local Sources	<u>2,994.71</u>	<u>2,994.71</u>	<u>2,994.71</u>
Total Revenues	<u>12,575,876.59</u>	<u>534,477.50</u>	<u>13,110,354.09</u>
<b>EXPENDITURES:</b>			
Current:			
Regular Instruction	2,301,376.13	420,756.67	2,722,132.80
Special Education Instruction	884,987.01		884,987.01
Other Special Instruction	54,435.60		54,435.60
Other Instruction	38,100.57		38,100.57
Support Services and Undistributed Costs:			
Tuition	3,606,633.83		3,606,633.83
Student and Instruction Related Services	927,781.81	110,128.97	1,037,910.78
Other Administrative Services	351,950.97		351,950.97
School Administrative Services	321,782.38		321,782.38
Plant Operations and Maintenance	443,924.75		443,924.75
Pupil Transportation	661,686.78		661,686.78
Personal Services - Employee Benefits	2,850,393.29		2,850,393.29
Capital Outlay	146,339.25		146,339.25
Transfer of Funds to Charter Schools	<u>45,836.00</u>		<u>45,836.00</u>
Total Expenditures	<u>12,635,228.37</u>	<u>530,885.64</u>	<u>13,166,114.01</u>
Excess (Deficiency) of Revenues over Expenditures	(59,351.78)	3,591.86	(55,759.92)
Fund Balance (Deficit), July 1	<u>2,130,576.61</u>	<u>(6,212.50)</u>	<u>2,124,364.11</u>
Fund Balance (Deficit), June 30	<u>\$ 2,071,224.83</u>	<u>\$ (2,620.64)</u>	<u>\$ 2,068,604.19</u>

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

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

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

Net Change in Fund Balances - Governmental Funds \$ (55,759.92)

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

Depreciation Expense	\$	(341,079.00)	
Capital Outlays		146,339.25	
Capital Assets Charged to Budget Accounts		5,156.30	
			(189,583.45)

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

55,346.93

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.

84,106.00

Change in Net Position of Governmental Activities \$ (105,890.44)

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



**CLEMENTON SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Statements of Net Position  
June 30, 2020

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 68,055.11	\$ 287,592.15
Intergovernmental Accounts Receivable:		
Federal	13,811.10	
State	133.27	
Inventory:		
Food	810.60	
Supplies	743.89	
Commodities	5,461.65	
Total Current Assets	<u>89,015.62</u>	<u>287,592.15</u>
Noncurrent Assets:		
Capital Assets:		
Machinery and Equipment	171,778.00	
Less: Accumulated Depreciation	<u>(132,543.00)</u>	
Total Capital Assets (Net of Accumulated Depreciation)	<u>39,235.00</u>	<u>-</u>
Total Noncurrent Assets	<u>39,235.00</u>	<u>-</u>
Total Assets	<u>128,250.62</u>	<u>287,592.15</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,702.07	
Interfund Accounts Payable:		
General Fund	<u>3,698.93</u>	<u>15,919.31</u>
Total Current Liabilities	<u>5,401.00</u>	<u>15,919.31</u>
Total Liabilities	<u>5,401.00</u>	<u>15,919.31</u>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	39,235.00	
Unrestricted	<u>83,614.62</u>	<u>271,672.84</u>
Total Net Position	<u>\$ 122,849.62</u>	<u>\$ 271,672.84</u>

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

**CLEMENTON SCHOOL DISTRICT**  
 Proprietary Funds  
 Business-Type Activities - Enterprise Funds  
 Statements of Revenues, Expenses, and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>
OPERATING REVENUES:		
Charges for Services:		
Daily Sales - Reimbursable Programs		
School Lunch	\$ 20,647.48	
School Breakfast	2,240.16	
Daily Sales - Non-Reimbursable Programs		
Adult and Alacarte Sales	24,701.24	
Other Sales	1,864.77	
Tuition and Fees		\$ 129,159.54
Due to Student Activities Fund - Fees for Summer Musical Program		3,420.00
	<hr/>	<hr/>
Total Operating Revenues	49,453.65	132,579.54
OPERATING EXPENSES:		
Food Service Management Company Salaries	69,604.80	
Personnel Services - Salaries		74,357.87
Food Service Management Company Employee Benefits	29,484.30	
Personnel Services - Employee Benefits		6,159.59
Purchased Professional and Technical Services	17,298.37	
Other Purchased Services	5,688.31	40.00
Supplies and Materials	9,145.53	1,845.73
Cleaning, Repairs and Maintenance	3,698.93	15,919.31
Depreciation	8,690.00	
Cost of Sales:		
Reimbursable Program	82,781.71	
Non-Reimbursable Program	10,231.45	
for Summer Musical Program Fees		3,420.00
	<hr/>	<hr/>
Total Operating Expenses	236,623.40	101,742.50
	<hr/>	<hr/>
Operating Income (Loss)	(187,169.75)	30,837.04
NONOPERATING REVENUES (EXPENSES):		
State Sources:		
State School Lunch Program	2,505.14	
Federal Sources:		
National School Breakfast Program	19,449.50	
National School Lunch Program	105,224.54	
After School Snack Program	7,271.84	
HHFKA - Performance Based	3,231.55	
Seamless Summer Option	50,715.04	
Food Distribution Program	20,001.05	
Interest and Investment Revenue		3,369.11
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	208,398.66	3,369.11
	<hr/>	<hr/>
Change in Net Position	21,228.91	34,206.15
	<hr/>	<hr/>
Net Position, July 1	101,620.71	237,466.69
	<hr/>	<hr/>
Net Position, June 30	\$ 122,849.62	\$ 271,672.84
	<hr/>	<hr/>

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

**CLEMENTON SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Statements of Cash Flows  
For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Customers and Users	\$ 50,408.73	\$ 129,159.54
Payments to Suppliers	(229,980.57)	(1,885.73)
Payments to Employees		(80,498.12)
Payments for Employee Benefits		(6,159.59)
	<u>                    </u>	<u>                    </u>
Net Cash Provided by (Used for) Operating Activities	<u>(179,571.84)</u>	<u>40,616.10</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Federal Sources	223,012.80	
State Sources	<u>2,852.04</u>	
	<u>                    </u>	
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>225,864.84</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of Capital Assets	<u>(7,650.00)</u>	
	<u>                    </u>	
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(7,650.00)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends		<u>3,369.11</u>
		<u>                    </u>
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>3,369.11</u>
Net Increase (Decrease) in Cash and Cash Equivalents	38,643.00	43,985.21
Cash and Cash Equivalents, July 1	<u>29,412.11</u>	<u>243,606.94</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 68,055.11</u></u>	<u><u>\$ 287,592.15</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>		
Operating Income (Loss)	\$ (187,169.75)	\$ 30,837.04
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	8,690.00	
(Increase) Decrease in Inventories for Resale	(5,746.10)	
Increase (Decrease) in Accounts Payable	955.08	
Increase (Decrease) in Interfund Accounts Payable	<u>3,698.93</u>	<u>9,779.06</u>
	<u>                    </u>	<u>                    </u>
Total Adjustments	<u>7,597.91</u>	<u>9,779.06</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (179,571.84)</u></u>	<u><u>\$ 40,616.10</u></u>

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

**CLEMENTON SCHOOL DISTRICT**  
Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2020

	Private-Purpose Trust Funds			Agency Funds	
	Unemployment Compensation Trust	Flexible Benefits Trust	Scholarship Fund	Student Activity	Payroll
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 148,939.64	\$ -	\$ 4,217.39	\$ 20,750.39	\$ 10,797.28
Intrafund Accounts Receivable: Unemployment					1,212.96
Total Assets	<u>148,939.64</u>	<u>-</u>	<u>4,217.39</u>	<u>\$ 20,750.39</u>	<u>\$ 12,010.24</u>
<b>LIABILITIES:</b>					
Intrafund Accounts Payable: Payroll Agency	1,212.96				
Interfund Accounts Payable: General Fund	5,393.17				\$ 255.72
Payable to Student Groups				\$ 20,750.39	
Payroll Deductions and Withholdings					11,754.52
Total Liabilities	<u>6,606.13</u>	<u>-</u>	<u>-</u>	<u>\$ 20,750.39</u>	<u>\$ 12,010.24</u>
<b>NET POSITION:</b>					
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 142,333.51</u>	<u>\$ -</u>	<u>\$ 4,217.39</u>		

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

**CLEMENTON SCHOOL DISTRICT**  
Fiduciary Funds  
Statement of Changes in Fiduciary Fund Net Position  
For the Fiscal Year Ended June 30, 2020

	Private-Purpose Trust Funds		
	Unemployment Compensation <u>Trust</u>	Flexible Benefits <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS:			
Contributions:			
Employee	\$ 8,162.90	\$ -	\$ -
Total Contributions	8,162.90	-	-
Investment Earnings:			
Interest and Dividends	1,810.62	23.66	
Net Investment Earnings	1,810.62	23.66	-
Total Additions	9,973.52	23.66	-
DEDUCTIONS:			
Awarded Scholarships			1,000.00
Claims	6,606.13		
Equity Transfer		2,065.44	
Miscellaneous	116.01		
Total Deductions	6,722.14	2,065.44	1,000.00
Change in Net Position	3,251.38	(2,041.78)	(1,000.00)
Net Position, July 1	139,082.13	2,041.78	5,217.39
Net Position, June 30	\$ 142,333.51	\$ -	\$ 4,217.39

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

**CLEMENTON SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

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

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 8 at its one school. The School District has an approximate enrollment at June 30, 2020 of 493.

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

**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 Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

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

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

The School District reports the following major governmental funds:

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

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

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

The School District reports the following major governmental funds (cont'd):

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

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

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

The School District reports the following major proprietary funds:

**Enterprise Funds**

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

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

Additionally, the School District reports the following fund types.

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

The School District maintains the following fiduciary funds:

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



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

The School District maintains the following fiduciary funds (cont'd):

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

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

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

***Flexible Spending Trust Fund*** - Revenues consist of contributions from employee payroll withholdings. Expenditures represent claims incurred by employees.

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

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

**Budgets / Budgetary Control**

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

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

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

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

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

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

**Encumbrances**

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

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

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.

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

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

**Inventories**

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

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

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

**Tuition Receivable**

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

**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.

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

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

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

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

The School District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

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

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

**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.

**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 governmental fund financial statements when due.

**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 and standard operating procedures, approved by the Board of Education.

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

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

**Interfund Activity**

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

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

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

**Impact of Recently Issued Accounting Principles****Recently Issued 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 \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

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

As of June 30, 2020, the School District's bank balances of \$2,611,880.63 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	<u>\$ 2,611,880.63</u>
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**Note 3: CAPITAL RESERVE ACCOUNT**

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

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

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	\$ 327,717.77
Increased by:	
Interest Earnings	<u>4,610.24</u>
Ending Balance, June 30, 2020	<u>\$ 332,328.01</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted projects at June 30, 2020 is \$2,222,713.00.

**Note 4: ACCOUNTS RECEIVABLE**

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.

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

Description	Governmental Funds		Proprietary Funds			Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Total Business-Type Activities	
Federal Awards		\$ 289,978.29	\$ 289,978.29	\$ 13,811.10	\$ 13,811.10	\$ 303,789.39
State Awards	\$ 124,711.96		124,711.96	133.27	133.27	124,845.23
Other Funds	5,648.89		5,648.89			5,648.89
Total	<u>\$ 130,360.85</u>	<u>\$ 289,978.29</u>	<u>\$ 420,339.14</u>	<u>\$ 13,944.37</u>	<u>\$ 13,944.37</u>	<u>\$ 434,283.51</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	\$ 810.60
Supplies	743.89
Commodities	<u>5,461.65</u>
	<u>\$ 7,016.14</u>

**Note 6: CAPITAL ASSETS**

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

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
<b>Governmental Activities:</b>					
Capital Assets, not being Depreciated:					
Land	\$ 178,131.00				\$ 178,131.00
Construction in Progress	300,155.90	\$ 136,082.80			436,238.70
Total Capital Assets, not being Depreciated	<u>478,286.90</u>	<u>136,082.80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>614,369.70</u>
Capital Assets, being Depreciated:					
Land Improvements	247,495.30				247,495.30
Buildings and Building Improvements	11,026,759.53	10,256.45			11,037,015.98
Machinery and Equipment	864,276.13	5,156.30			869,432.43
Total Capital Assets, being Depreciated	<u>12,138,530.96</u>	<u>15,412.75</u>	<u>-</u>	<u>-</u>	<u>12,153,943.71</u>
Total Capital Assets, Cost	<u>12,616,817.86</u>	<u>151,495.55</u>	<u>-</u>	<u>-</u>	<u>12,768,313.41</u>
Less Accumulated Depreciation for:					
Land Improvements	(175,925.74)	(6,697.00)			(182,622.74)
Buildings and Building Improvements	(6,166,163.88)	(310,447.00)			(6,476,610.88)
Machinery and Equipment	(544,819.38)	(23,935.00)			(568,754.38)
Total Accumulated Depreciation	<u>(6,886,909.00)</u>	<u>(341,079.00)</u>	<u>-</u>	<u>-</u>	<u>(7,227,988.00)</u>
Total Capital Assets, being Depreciated, Net	<u>5,251,621.96</u>	<u>(325,666.25)</u>	<u>-</u>	<u>-</u>	<u>4,925,955.71</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,729,908.86</u>	<u>\$ (189,583.45)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,540,325.41</u>
	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
<b>Business-Type Activities:</b>					
Capital Assets, being Depreciated:					
Machinery and Equipment	\$ 164,128.00	\$ 7,650.00			\$ 171,778.00
Total Capital Assets, being Depreciated	<u>164,128.00</u>	<u>7,650.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>171,778.00</u>
Total Capital Assets, Cost	<u>164,128.00</u>	<u>7,650.00</u>	<u>-</u>	<u>-</u>	<u>171,778.00</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	(123,853.00)	(8,690.00)			(132,543.00)
Total Accumulated Depreciation	<u>(123,853.00)</u>	<u>(8,690.00)</u>	<u>-</u>	<u>-</u>	<u>(132,543.00)</u>
Total Capital Assets, being Depreciated, Net	<u>40,275.00</u>	<u>(1,040.00)</u>	<u>-</u>	<u>-</u>	<u>39,235.00</u>
Business-Type Activities Capital Assets, Net	<u>\$ 40,275.00</u>	<u>\$ (1,040.00)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,235.00</u>

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

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

<b>Governmental Activities:</b>	
Regular Instruction	\$ 238,755.52
Other Administrative Services	34,107.44
Plant Operations and Maintenance	34,107.45
Unallocated	<u>34,108.59</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 341,079.00</u>
<b>Business-Type Activities:</b>	
Food Service	<u>\$ 8,690.00</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 8,690.00</u>

**Note 7: LONG-TERM LIABILITIES**

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due within One Year
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences	\$ 78,545.74	\$ 26,662.21	\$ (4,723.14)	\$ 100,484.81	\$ 19,054.05
Net Pension Liability	1,100,872.00	698,318.00	(785,218.00)	1,013,972.00	
Early Retirement Incentive (PERS, TPAF)	91,073.00		(77,286.00)	13,787.00	13,787.00
Total Other Liabilities	<u>1,270,490.74</u>	<u>724,980.21</u>	<u>(867,227.14)</u>	<u>1,128,243.81</u>	<u>32,841.05</u>
Governmental Activities Long-Term Liabilities	<u>\$ 1,270,490.74</u>	<u>\$ 724,980.21</u>	<u>\$ (867,227.14)</u>	<u>\$ 1,128,243.81</u>	<u>\$ 32,841.05</u>

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

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

**Compensated Absences** - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid, which is the general fund. Refer to note 13 for a description of the School District's policy.

**Net Pension Liability** - For details on the net pension liability, refer to note 8. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

**Early Retirement Incentive** - In accordance with the Lower Camden County Regional High School dissolution agreement, effective July 1, 2001, the Clementon School District assumed liability for its proportionate share of the "Regional High School Early Retirement Incentive Program" permitted by State legislation during 1995 for certain members of the Teachers' Pension and Annuity Fund and the Public Employees Retirement Fund. The members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1996 to be eligible. The School District is liable for its proportionate share of additional costs under this program. As of June 30, 2020, the School District had an accrued liability of \$13,787.00, payable in annual installments from the general fund, with final liquidation of the liability in fiscal year 2021.

**Postemployment Benefits** - For details on other postemployment benefits, refer to note 9. The School District's contributions to the postemployment benefits plan are budgeted and paid from the general fund.

**Note 8: 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.

**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.

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

**Tier Definition**

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

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

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

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 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 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Note 8: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of 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 18.80% 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.

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 \$678,583.00, and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$274,308.54.

**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 15.35% 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.

**Note 8: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - 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 \$54,738.00, and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$30,522.37.

**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 \$6,989.87, and the School District recognized pension expense, which equaled the required contributions, of \$5,147.02. 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.

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

School District's Proportionate Share of Net Pension Liability	\$	-
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District		20,712,426.00
	\$	<u>20,712,426.00</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 0.0337495640%, which was an increase of 0.0001125911% from its proportion measured as of June 30, 2018.

**Pension Expense** - For the fiscal year ended June 30, 2020, the School District recognized \$1,221,674.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plan's June 30, 2019 measurement date.

**Note 8: 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**

**Pension Liability** - At June 30, 2020, the School District reported a liability of \$1,013,972.00 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 0.0056273974%, which was an increase of 0.0000362352% 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 \$(29,134.00), in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2019 measurement date.

**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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 18,199.00	\$ 4,479.00
Changes of Assumptions	101,249.00	351,946.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	16,006.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	8,917.00	148,177.00
School District Contributions Subsequent to the Measurement Date	62,084.00	-
	<u>\$ 190,449.00</u>	<u>\$ 520,608.00</u>

**Note 8: 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 of resources in the amount of \$62,084.00 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:

<b><u>Fiscal Year</u></b> <b><u>Ending June 30,</u></b>	
2021	\$ (101,809.00)
2022	(141,854.00)
2023	(102,844.00)
2024	(49,855.00)
2025	4,119.00
	<u>\$ (392,243.00)</u>



**Note 8: 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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
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, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**Note 8: 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 Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Thereafter	2.75% - 5.65%	3.00% - 7.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2015 - June 30, 2018	July 1, 2014 - June 30, 2018

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 8: 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<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.

**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.

**Note 8: PENSION PLANS (CONT'D)****Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

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

	<b>TPAF</b>		
	<b>1% Decrease (4.60%)</b>	<b>Current Discount Rate (5.60%)</b>	<b>1% Increase (6.60%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	24,424,535.00	20,712,426.00	17,632,548.00
	<u>\$ 24,424,535.00</u>	<u>\$ 20,712,426.00</u>	<u>\$ 17,632,548.00</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:

	<b>PERS</b>		
	<b>1% Decrease (5.28%)</b>	<b>Current Discount Rate (6.28%)</b>	<b>1% Increase (7.28%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ 1,289,721.00	\$ 1,013,972.00	\$ 794,611.00

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

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

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

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

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

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

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2020 was \$16,852,465.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 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 0.0403854209%, which was a decrease of 0.0010727914% 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.

**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%.

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

**Discount Rate** - The discount rate for June 30, 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		\$ 19,116,727.00
Changes for the Year:		
Service Cost	\$ 637,264.00	
Interest Cost	754,858.00	
Difference Between Expected and Actual Experience	(3,405,671.00)	
Changes in Assumptions	251,272.00	
Gross Benefit Payments	(517,320.00)	
Member Contributions	15,335.00	
Net Changes		(2,264,262.00)
Balance at June 30, 2020		\$ 16,852,465.00

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.

**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	\$ 19,909,421.00	\$ 16,852,465.00	\$ 14,424,187.00

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 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:

	<b><u>1% Decrease</u></b>	<b><u>Healthcare Cost Trend Rates</u></b>	<b><u>1% Increase</u></b>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 13,885,680.00	\$ 16,852,465.00	\$ 20,779,879.00

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

**OPEB Expense** - For the fiscal year ended June 30, 2020, the School District recognized \$133,408.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes in Proportion	\$ -	\$ 1,634,866.00
Difference Between Expected and Actual Experience	-	4,234,397.00
Changes of Assumptions	-	3,425,301.00
	<u>\$ -</u>	<u>\$ 9,294,564.00</u>



**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)**

**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:

<b>Fiscal Year Ending June 30,</b>	
2021	\$ (1,215,593.00)
2022	(1,215,593.00)
2023	(1,215,593.00)
2024	(1,215,593.00)
2025	(1,215,593.00)
Thereafter	(3,216,599.00)
	<u>\$ (9,294,564.00)</u>

**Note 10: 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, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$698,766.00, \$12,525.00, \$263,876.00, and \$915.00, respectively.

**Note 11: RISK MANAGEMENT**

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

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

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

<b>Fiscal Year Ended June 30,</b>	<b>School District Contributions</b>	<b>Employee Contributions</b>	<b>Interest Income</b>	<b>Claims Incurred</b>	<b>Transfers</b>	<b>Ending Balance</b>
2020	\$ -	\$ 8,162.90	\$ 1,810.62	\$ 6,606.13	\$ 116.01	\$ 142,333.51
2019	-	8,048.55	2,048.84	-	-	139,082.13
2018	-	7,966.86	163.17	5,393.17	30,000.00	128,984.74

**Note 11: RISK MANAGEMENT (CONT'D)**

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

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

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

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

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

The Fund publishes its own financial report for the fiscal year ended June 30, 2020, which can be obtained from:

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

**Note 12: DEFERRED COMPENSATION**

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

**Note 13: 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.

**Note 13: COMPENSATED ABSENCES (CONT'D)**

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2020, the liability for compensated absences reported on the government-wide statement of net position was \$100,484.81. At June 30, 2020, no liability existed for compensated absences in the proprietary fund.

**Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

<b><u>Fund</u></b>	<b><u>Interfunds Receivable</u></b>	<b><u>Interfunds Payable</u></b>
General	\$ 161,946.79	
Special Revenue		\$ 136,679.66
Enterprise		19,618.24
Fiduciary		5,648.89
		<hr/>
Totals	<u>\$ 161,946.79</u>	<u>\$ 161,946.79</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2021, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 15: 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 16: 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 17: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$377,245.00 in the general fund and \$2,620.64 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 \$379,865.64 is less than the June state aid payments.

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

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

**General Fund**

**For Legally Restricted Appropriations** - In accordance with N.J.A.C. 6A:23A-8.5(j), the School District adopted a resolution to legally restrict fund balance in the amount of \$575,874.43 which represents funds received from the Estate of John Zawinski. These funds are restricted to be used for the benefit of the students of Clementon School District. These funds have been restricted by the Board to be used for the purchase of solar panels, an electronic sign for the school, playground equipment and science lab equipment. As of June 30, 2020, \$575,874.43 has been restricted for this purpose.

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$814,379.66. Additionally, \$180,836.67 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 \$332,328.01. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**Note 18: FUND BALANCES (CONT'D)****RESTRICTED (CONT'D)****General Fund (Cont'd)**

**For Maintenance Reserve Account** - As of June 30, 2020, the balance in the maintenance reserve account is \$128,997.93. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**For Emergency Reserve** - As of June 30, 2020, the balance in the emergency reserve is \$66,814.30. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the restricted fund balance is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

**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, 2021 \$346,500.33 of general fund balance at June 30, 2020.

**Other Purposes** - As of June 30, 2020, the School District had \$183,575.17 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, the unassigned fund balance of the general fund was a deficit of \$377,245.00. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 17, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$377,245.00 is less than the last state aid payment

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

**Special Revenue Fund** - As of June 30, 2020, the fund balance of the special revenue fund was a deficit of \$2,620.64, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 17, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$2,620.64 is less than the last state aid payment.

**Note 19: TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

**Note 20: 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 in 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**

**CLEMENTON SCHOOL DISTRICT**  
Required Supplementary Information - Part II  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 4,370,501.00	\$ -	\$ 4,370,501.00	\$ 4,370,501.00	\$ -
Tuition	100,000.00		100,000.00	58,235.70	(41,764.30)
Unrestricted Miscellaneous Revenues	100,000.00		100,000.00	163,144.26	63,144.26
Interest Earned on Current Expense Emergency Reserve	51.00		51.00	926.89	875.89
Interest Earned on Maintenance Reserve	256.00		256.00	1,789.53	1,533.53
Interest Earned on Capital Reserve	654.00		654.00	4,610.24	3,956.24
Total - Local Sources	4,571,462.00	-	4,571,462.00	4,599,207.62	27,745.62
Federal Sources:					
Medicaid Reimbursement	25,608.00		25,608.00	15,186.75	(10,421.25)
Total - Federal Sources	25,608.00	-	25,608.00	15,186.75	(10,421.25)
State Sources:					
Categorical Special Education Aid	371,383.00		371,383.00	371,383.00	
Equalization Aid	6,049,406.00		6,049,406.00	6,049,406.00	
Categorical Security Aid	135,485.00		135,485.00	135,485.00	
Categorical Transportation Aid	78,718.00		78,718.00	78,718.00	
Extraordinary Aid	95,000.00		95,000.00	110,344.00	15,344.00
Other State Aids:					
Additional Nonpublic School Transportation Aid				1,736.00	1,736.00
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				698,766.00	698,766.00
On-behalf TPAF Non-Contributory Group Insurance (non-budgeted)				12,525.00	12,525.00
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				263,876.00	263,876.00
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)				915.00	915.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				258,731.72	258,731.72
Total - State Sources	6,729,992.00	-	6,729,992.00	7,981,885.72	1,251,893.72
Total Revenues	11,327,062.00	-	11,327,062.00	12,596,280.09	1,269,218.09

(Continued)



**CLEMENTON SCHOOL DISTRICT**  
Required Supplementary Information - Part II  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 173,964.00	\$ -	\$ 173,964.00	\$ 173,964.00	\$ -
Grades 1-5 - Salaries of Teachers	1,104,286.00	1,905.00	1,106,191.00	1,106,188.63	2.37
Grades 6-8 - Salaries of Teachers	809,842.00		809,842.00	807,598.93	2,243.07
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000.00		3,000.00		3,000.00
Purchased Professional - Educational Services		12,500.00	12,500.00	4,410.00	8,090.00
Purchased Technical Services	1,500.00		1,500.00		1,500.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	40,535.00	(25,226.00)	15,309.00	15,302.16	6.84
Purchased Professional - Educational Services	85,000.00	(16,750.00)	68,250.00	58,733.91	9,516.09
Purchased Technical Services	24,000.00	(130.00)	23,870.00	21,399.20	2,470.80
Other Purchased Services (400-500 Series)	32,967.00	(6,200.00)	26,767.00	19,744.02	7,022.98
General Supplies	70,000.00	49,850.00	119,850.00	77,816.59	42,033.41
Textbooks	1,000.00	10,150.00	11,150.00	11,143.75	6.25
Other Objects	9,000.00	(1,000.00)	8,000.00	5,074.94	2,925.06
Total Regular Programs - Instruction	2,355,094.00	25,099.00	2,380,193.00	2,301,376.13	78,816.87
Behavioral Disabilities:					
Salaries of Teachers	52,938.00	2,440.00	55,378.00	55,378.00	-
Purchased Professional - Education Services	26,000.00	9,200.00	35,200.00	35,112.50	87.50
General Supplies	2,000.00	(1,000.00)	1,000.00		1,000.00
Total Behavioral Disabilities	80,938.00	10,640.00	91,578.00	90,490.50	1,087.50
Multiple Disabilities:					
Salaries of Teachers	166,354.00	7,105.00	173,459.00	173,426.00	33.00
Other Salaries for Instruction	13,972.00	896.00	14,868.00	14,848.86	19.14
Purchased Professional - Education Services	55,000.00	(20,491.00)	34,509.00	34,118.94	390.06
General Supplies	850.00		850.00	224.66	625.34
Total Multiple Disabilities	236,176.00	(12,490.00)	223,686.00	222,618.46	1,067.54

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Resource Room / Resource Center:					
Salaries of Teachers	\$ 507,580.00	\$ 1,600.00	\$ 509,180.00	\$ 504,147.00	\$ 5,033.00
Other Salaries for Instruction		13,126.00	13,126.00	13,103.28	22.72
Purchased Professional-Educational Services	32,000.00	29,500.00	61,500.00	47,724.08	13,775.92
General Supplies	1,500.00		1,500.00	463.69	1,036.31
Total Resource Room / Resource Center	541,080.00	44,226.00	585,306.00	565,438.05	19,867.95
Home Instruction:					
Salaries of Teachers	5,000.00		5,000.00	3,465.00	1,535.00
Purchased Professional - Educational Services		5,000.00	5,000.00	2,975.00	2,025.00
Total Home Instruction	5,000.00	5,000.00	10,000.00	6,440.00	3,560.00
Total Special Education - Instruction	863,194.00	47,376.00	910,570.00	884,987.01	25,582.99
Bilingual Education - Instruction:					
Salaries of Teachers	57,804.00	(3,405.00)	54,399.00	54,338.00	61.00
General Supplies	1,000.00		1,000.00	97.60	902.40
Total Bilingual Education - Instruction	58,804.00	(3,405.00)	55,399.00	54,435.60	963.40
School-Sponsored Cocurricular / Extracurricular Activities - Instruction:					
Salaries	15,000.00	300.00	15,300.00	15,299.00	1.00
Purchased Services (300-500 Series)	500.00		500.00	387.00	113.00
Supplies and Materials	5,600.00	(300.00)	5,300.00	933.86	4,366.14
Total School-Sponsored Cocurricular / Extracurricular Activities - Instruction	21,100.00	-	21,100.00	16,619.86	4,480.14
School-Sponsored Athletics - Instruction:					
Salaries	23,500.00		23,500.00	18,018.00	5,482.00
Purchased Services (300-500 Series)	6,500.00		6,500.00	3,044.00	3,456.00
Supplies and Materials	3,500.00		3,500.00	418.71	3,081.29
Other Objects	1,500.00		1,500.00		1,500.00
Total School-Sponsored Athletics - Instruction	35,000.00	-	35,000.00	21,480.71	13,519.29
Total Instruction	3,333,192.00	69,070.00	3,402,262.00	3,278,899.31	123,362.69

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	\$ 2,346,396.00	\$ 1,238.79	\$ 2,347,634.79	\$ 2,347,634.79	\$ -
Tuition to Other LEA's Within the State - Special	301,286.00	(58,550.00)	242,736.00	228,787.36	13,948.64
Tuition to County Vocational School District - Regular	203,146.00		203,146.00	203,146.00	-
Tuition to CSSD and Regional Day Schools	110,680.00	(79,700.00)	30,980.00	18,169.52	12,810.48
Tuition to Private Schools for the Disabled - Within State	883,847.00	5,606.21	889,453.21	804,396.16	85,057.05
Tuition - State Facilities	4,500.00		4,500.00	4,500.00	-
Total Undistributed Expenditures - Instruction	3,849,855.00	(131,405.00)	3,718,450.00	3,606,633.83	111,816.17
Undistributed Expenditures - Attendance and Social Work:					
Salaries	24,798.00		24,798.00	24,680.00	118.00
Purchased Professional and Technical Services	27,300.00	(2,300.00)	25,000.00	21,314.27	3,685.73
Supplies and Materials	250.00		250.00		250.00
Total Undistributed Expenditures - Attendance and Social Work	52,348.00	(2,300.00)	50,048.00	45,994.27	4,053.73
Undistributed Expenditures - Health Services:					
Salaries	57,418.00	(10,000.00)	47,418.00	36,111.05	11,306.95
Purchased Professional and Technical Services	7,500.00	15,905.00	23,405.00	12,011.00	11,394.00
Supplies and Materials	2,600.00	(1,000.00)	1,600.00	868.22	731.78
Total Undistributed Expenditures - Health Services	67,518.00	4,905.00	72,423.00	48,990.27	23,432.73
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	58,488.00		58,488.00	58,488.00	-
Purchased Professional - Educational Services	53,000.00	9,701.00	62,701.00	61,178.00	1,523.00
Supplies and Materials	1,200.00		1,200.00	713.76	486.24
Total Undistributed Expenditures - Speech, OT, PT and Related Services	112,688.00	9,701.00	122,389.00	120,379.76	2,009.24
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	310,000.00	126,879.00	436,879.00	263,952.99	172,926.01
Supplies and Materials		4,000.00	4,000.00	1,823.13	2,176.87
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services	310,000.00	130,879.00	440,879.00	265,776.12	175,102.88

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Guidance:					
Students - Regular:					
Salaries of Other Professional Staff	\$ 56,388.00	\$ -	\$ 56,388.00	\$ 56,388.00	\$ -
Supplies and Materials	1,500.00		1,500.00	896.55	603.45
Total Undistributed Expenditures - Guidance	57,888.00	-	57,888.00	57,284.55	603.45
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	151,670.00	(1,600.00)	150,070.00	143,191.27	6,878.73
Salaries of Secretarial and Clerical Assistants	33,946.00		33,946.00	33,879.07	66.93
Purchased Professional - Educational Services	17,000.00	38,120.00	55,120.00	37,893.36	17,226.64
Supplies and Materials	2,500.00	(500.00)	2,000.00	783.22	1,216.78
Total Undistributed Expenditures - Child Study Team	205,116.00	36,020.00	241,136.00	215,746.92	25,389.08
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	33,833.00		33,833.00	30,806.40	3,026.60
Purchased Professional and Technical Services	52,000.00		52,000.00	49,845.98	2,154.02
Other Purchased Services (400-500 Series)	20,000.00	(3,500.00)	16,500.00		16,500.00
Supplies and Materials	6,500.00	(509.78)	5,990.22	2,234.25	3,755.97
Total Undistributed Expenditures - Educational Media Services / School Library	112,333.00	(4,009.78)	108,323.22	82,886.63	25,436.59
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	79,695.00	(195.00)	79,500.00	79,500.00	-
Purchased Professional - Educational Services		1,350.00	1,350.00	1,350.00	-
Other Purchased Services (400-500 Series)	5,000.00	155.00	5,155.00	5,155.00	-
Supplies and Materials		3,634.29	3,634.29	3,634.29	-
Other Objects		1,084.00	1,084.00	1,084.00	-
Total Undistributed Expenditures - Instructional Staff Training Services	84,695.00	6,028.29	90,723.29	90,723.29	-

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 193,779.00	\$ (10,946.67)	\$ 182,832.33	\$ 182,832.33	\$ -
Legal Services	41,000.00	849.34	41,849.34	40,374.34	1,475.00
Audit Fees	33,000.00	(4,500.00)	28,500.00	28,500.00	-
Other Purchased Professional Services	2,500.00	(1,478.90)	1,021.10	1,021.10	-
Purchased Technical Services	8,700.00	(1,430.50)	7,269.50	7,269.50	-
Communications / Telephone	26,500.00	4,636.82	31,136.82	31,036.82	100.00
BOE Other Purchased Services	3,000.00	(846.30)	2,153.70	1,416.45	737.25
Miscellaneous Purchased Services (400-500)	14,034.00	(2,753.79)	11,280.21	10,485.45	794.76
General Supplies	1,000.00	-	1,000.00	529.70	470.30
BOE In-House Training / Meeting Supplies	1,750.00	(980.00)	770.00		770.00
Miscellaneous Expenditures	8,500.00	(4,240.00)	4,260.00	3,735.00	525.00
BOE Membership Dues and Fees	9,000.00	1,000.00	10,000.00	9,629.95	370.05
Total Undistributed Expenditures - Support Services - General Administration	342,763.00	(20,690.00)	322,073.00	316,830.64	5,242.36
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	93,000.00	500.00	93,500.00	93,500.00	-
Salaries of Secretarial and Clerical Assistants	49,158.00	(600.00)	48,558.00	48,111.34	446.66
Other Purchased Services (400-500 Series)	500.00	150.00	650.00	326.58	323.42
Supplies and Materials	2,000.00	(332.51)	1,667.49	1,667.49	-
Other Objects	820.00	264.00	1,084.00	1,084.00	-
Total Undistributed Expenditures - Support Services - School Administration	145,478.00	(18.51)	145,459.49	144,689.41	770.08
Undistributed Expenditures - Central Services:					
Salaries	50,562.00	79,035.97	129,597.97	124,837.97	4,760.00
Purchased Technical Services	101,547.00	(50,945.00)	50,602.00	49,055.32	1,546.68
Miscellaneous Purchased Services (400-500 Series)		75.00	75.00	32.20	42.80
Supplies and Materials	750.00	2,400.00	3,150.00	2,941.98	208.02
Miscellaneous Expenditures	200.00	44.03	244.03	225.50	18.53
Total Undistributed Expenditures - Central Services	153,059.00	30,610.00	183,669.00	177,092.97	6,576.03
Undistributed Expenditures - Administration Information Technology:					
Supplies and Materials	20,000.00	(9,920.00)	10,080.00	116.33	9,963.67
Total Undistributed Expenditures - Administration Information Technology	20,000.00	(9,920.00)	10,080.00	116.33	9,963.67

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
Required Supplementary Information - Part II  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	\$ 21,000.00	\$ 23,548.29	\$ 44,548.29	\$ 35,311.37	\$ 9,236.92
General Supplies	5,000.00	(1,713.37)	3,286.63	3,286.63	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	26,000.00	21,834.92	47,834.92	38,598.00	9,236.92
Undistributed Expenditures - Custodial Services:					
Salaries	212,489.00	(12,010.66)	200,478.34	200,478.34	-
Purchased Professional and Technical Services	500.00	7,664.00	8,164.00	664.00	7,500.00
Cleaning, Repair, and Maintenance Services	52,000.00	(28,897.28)	23,102.72	23,102.72	-
Other Purchased Property Services	15,000.00	(542.64)	14,457.36	14,457.36	-
Insurance	34,857.00	(2,147.00)	32,710.00	32,710.00	-
General Supplies	25,350.00	43,809.08	69,159.08	23,252.58	45,906.50
Energy (Electricity)	119,500.00	(12,510.09)	106,989.91	106,989.91	-
Total Undistributed Expenditures - Custodial Services	459,696.00	(4,634.59)	455,061.41	401,654.91	53,406.50
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	500.00	(360.54)	139.46	139.46	-
General Supplies	1,000.00	2,532.38	3,532.38	3,532.38	-
Total Undistributed Expenditures - Care and Upkeep of Grounds	1,500.00	2,171.84	3,671.84	3,671.84	-
Undistributed Expenditures - Security:					
Purchased Professional and Technical Services	47,000.00	(393.17)	46,606.83	-	46,606.83
Total Undistributed Expenditures - Security	47,000.00	(393.17)	46,606.83	-	46,606.83
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	534,196.00	18,979.00	553,175.00	443,924.75	109,250.25

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC and CTSA Transportation Program	\$ 33,000.00	\$ 2,943.00	\$ 35,943.00	\$ 26,468.98	\$ 9,474.02
Contracted Services - (Between Home and School) - Vendors	5,000.00	25,000.00	30,000.00	26,014.47	3,985.53
Contracted Services - (Other than Between Home and School) - Vendors	24,200.00		24,200.00	9,495.00	14,705.00
Contracted Services (Between Home and School) - Joint Agreements	107,500.00	(5,000.00)	102,500.00	69,214.10	33,285.90
Contracted Services (Special Education Students) - Vendors	5,000.00	5,000.00	5,000.00	4,844.10	155.90
Contracted Services (Regular Students) - ESCs and CTSA	287,750.00	(159,500.00)	128,250.00	64,236.47	64,013.53
Contracted Services (Special Education Students) - ESCs and CTSA	449,018.00	48,000.00	497,018.00	441,562.21	55,455.79
Contracted Services - Aid in Lieu Payments - Nonpublic Schools	27,000.00	3,057.00	30,057.00	12,753.05	17,303.95
Contracted Services - Aid in Lieu Payments - Charter Schools	13,000.00	(9,000.00)	4,000.00	2,032.80	1,967.20
Contracted Services - Aid in Lieu Payments - Choice Schools	15,000.00		15,000.00	5,065.60	9,934.40
Total Undistributed Expenditures - Student Transportation Services	961,468.00	(89,500.00)	871,968.00	661,686.78	210,281.22
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	77,206.00		77,206.00	58,143.10	19,062.90
T.P.A.F. Contributions - ERI	14,000.00		14,000.00	13,093.00	907.00
Other Retirement Contributions - PERS	63,000.00		63,000.00	61,088.11	1,911.89
Unemployment Compensation		200.00	200.00	151.50	48.50
Workmen's Compensation	44,814.00	1,650.00	46,464.00	46,463.00	1.00
Health Benefits	1,457,324.00	(11,350.00)	1,445,974.00	1,368,890.85	77,083.15
Tuition Reimbursements	4,000.00		4,000.00	-	4,000.00
Other Employee Benefits	65,000.00	3,500.00	68,500.00	67,750.01	749.99
Unused Sick Payment to Terminated/Retired Staff	10,000.00	(3,500.00)	6,500.00	-	6,500.00
Total Unallocated Benefits - Employee Benefits	1,735,344.00	(9,500.00)	1,725,844.00	1,615,579.57	110,264.43
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				698,766.00	(698,766.00)
On-behalf TPAF Non-Contributory Group Insurance (non-budgeted)				12,525.00	(12,525.00)
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				263,876.00	(263,876.00)
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)				915.00	(915.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				258,731.72	(258,731.72)
Total On-Behalf Contributions	-	-	-	1,234,813.72	(1,234,813.72)
Total Personal Services - Employee Benefits	1,735,344.00	(9,500.00)	1,725,844.00	2,850,393.29	(1,124,549.29)
Total Undistributed Expenditures	8,744,749.00	(30,221.00)	8,714,528.00	9,129,149.81	(414,621.81)

(Continued)

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget Modifications / <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Interest on Maintenance Reserve	\$ 256.00	\$ -	\$ 256.00	\$ -	\$ 256.00
Interest on Current Expense Emergency Reserve	51.00		51.00		51.00
Total General Current Expense	12,078,248.00	38,849.00	12,117,097.00	12,408,049.12	(290,952.12)
Capital Outlay:					
Interest Deposit to Capital Reserve	654.00	-	654.00	-	654.00
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services		626.00	626.00	626.00	-
Construction Services		9,630.45	9,630.45	9,630.45	-
Construction Services		165,528.00	165,528.00	136,082.80	29,445.20
Assessment for Debt Service on SDA Funding	35,004.00		35,004.00	35,004.00	-
Total Facilities Acquisition and Construction Services	35,004.00	175,784.45	210,788.45	181,343.25	29,445.20
Total Capital Outlay	35,658.00	175,784.45	211,442.45	181,343.25	30,099.20

(Continued)



**CLEMENTON SCHOOL DISTRICT**  
Required Supplementary Information - Part II  
General Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget Modifications / <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Transfer of Funds to Charter Schools	\$ 248,985.00	\$ (15,500.00)	\$ 233,485.00	\$ 45,836.00	\$ 187,649.00
Total Expenditures	<u>12,362,891.00</u>	<u>199,133.45</u>	<u>12,562,024.45</u>	<u>12,635,228.37</u>	<u>(73,203.92)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,035,829.00)	(199,133.45)	(1,234,962.45)	(38,948.28)	1,196,014.17
Fund Balances, July 1	<u>2,754,498.11</u>	<u>-</u>	<u>2,754,498.11</u>	<u>2,754,498.11</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 1,718,669.11</u>	<u>\$ (199,133.45)</u>	<u>\$ 1,519,535.66</u>	<u>\$ 2,715,549.83</u>	<u>\$ 1,196,014.17</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 332,328.01	
Emergency Reserve				66,814.30	
Maintenance Reserve				128,997.93	
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				180,836.67	
Current Year				633,542.99	
Legal Reserve				575,874.43	
Assigned:					
Year-End Encumbrances				183,575.17	
Designated for Subsequent Year's Expenditures				346,500.33	
Unassigned				<u>267,080.00</u>	
				2,715,549.83	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2019 Last State Aid Payments not Recognized on GAAP Basis				<u>(644,325.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,071,224.83</u>	

**CLEMENTON SCHOOL DISTRICT**  
 Required Supplementary Information - Part II  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	\$ -	\$ 6,000.00	\$ 6,000.00	\$ 2,994.71	\$ (3,005.29)
Total - Local Sources	-	6,000.00	6,000.00	2,994.71	(3,005.29)
Federal Sources:					
Title I, Part A	287,855.00	4,256.00	292,111.00	287,165.29	(4,945.71)
Title I, Reallocation	9,202.00		9,202.00	9,201.01	(0.99)
Title II, Part A	28,055.00	420.00	28,475.00	25,815.00	(2,660.00)
I.D.E.A. Part B, Basic	131,804.00		131,804.00	131,804.00	-
I.D.E.A. Part B, Preschool	3,330.00	3,119.00	6,449.00	6,448.99	(0.01)
Cares Act Elementary and Secondary School Emergency Relief (ESSER)		217,822.00	217,822.00	79,500.00	(138,322.00)
Total - Federal Sources	460,246.00	225,617.00	685,863.00	539,934.29	(145,928.71)
State Sources:					
Preschool Education Aid	72,032.00	-	72,032.00	67,456.64	(4,575.36)
Total - State Sources	72,032.00	-	72,032.00	67,456.64	(4,575.36)
Total Revenues	532,278.00	231,617.00	763,895.00	610,385.64	(153,509.36)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	265,846.00	29,405.00	295,251.00	265,251.00	30,000.00
Other Salaries for Instruction	12,760.00	291.00	13,051.00	13,050.40	0.60
Purchased Professional - Educational Services	4,864.00	(291.00)	4,573.00		4,573.00
Other Purchased Services (400-500 series)	131,804.00	(61,804.00)	70,000.00		70,000.00
Tuition		131,804.00	131,804.00	131,804.00	-
Supplies and Materials	11,477.00	(3,979.00)	7,498.00	2,067.99	5,430.01
General Supplies	70.00	111,913.32	111,983.32	88,083.28	23,900.04
Total Instruction	426,821.00	207,339.32	634,160.32	500,256.67	133,903.65
Support Services:					
Salaries	24,955.00	(507.50)	24,447.50	22,207.50	2,240.00
Personnel Services - Employee Benefits	71,529.00	18,985.18	90,514.18	73,568.47	16,945.71
Purchased Professional and Technical Services	5,200.00	4,381.00	9,581.00	9,581.00	-
Supplies and Materials	3,773.00	999.00	4,772.00	4,772.00	-
General Supplies		420.00	420.00		420.00
Total Support Services	105,457.00	24,277.68	129,734.68	110,128.97	19,605.71
Total Expenditures	532,278.00	231,617.00	763,895.00	610,385.64	153,509.36
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**CLEMENTON SCHOOL DISTRICT**  
Required Supplementary Information - Part II  
Budgetary Comparison Schedule  
Note to Required Supplementary Information  
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) "revenue" from the budgetary comparison schedule (C-series)	\$ 12,596,280.09	\$ 610,385.64
The Restricted State Aids recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33.		4,575.36
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(79,500.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes, and State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(20,403.50)</u>	<u>(983.50)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 12,575,876.59</u>	<u>\$ 534,477.50</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-series)	\$ 12,635,228.37	\$ 610,385.64
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(79,500.00)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 12,635,228.37</u>	<u>\$ 530,885.64</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

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

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

	Measurement Date Ended 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	0.0056273974%	0.0055911622%	0.0057389238%	0.0064557544%	0.0071451352%	0.0078618552%	0.0076870033%
School District's Proportionate Share of the Net Pension Liability	\$ 1,013,972.00	\$ 1,100,872.00	\$ 1,335,930.00	\$ 1,912,009.00	\$ 1,603,940.00	\$ 1,471,954.00	\$ 1,469,139.00
School District's Covered Payroll (Plan Measurement Period)	\$ 394,188.00	\$ 382,580.00	\$ 409,736.00	\$ 466,980.00	\$ 509,880.00	\$ 547,948.00	\$ 548,980.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	257.23%	287.75%	326.05%	409.44%	314.57%	268.63%	267.61%
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%

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

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

	Fiscal Year Ended June 30,						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 62,084.00	\$ 54,738.00	\$ 55,614.00	\$ 53,165.00	\$ 57,352.00	\$ 61,429.00	\$ 64,812.00
Contributions in relation to the Contractually Required Contribution	<u>(62,084.00)</u>	<u>(54,738.00)</u>	<u>(55,614.00)</u>	<u>(53,165.00)</u>	<u>(57,352.00)</u>	<u>(61,429.00)</u>	<u>(64,812.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 404,463.00	\$ 399,619.00	\$ 384,723.00	\$ 377,234.00	\$ 395,592.00	\$ 463,393.00	\$ 459,303.00
Contributions as a Percentage of School District's Covered Payroll	15.35%	13.70%	14.46%	14.09%	14.50%	13.26%	14.11%

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

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

	Measurement Date Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
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	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability associated with the School District	\$ 20,712,426.00	\$ 21,399,120.00	\$ 20,381,989.00	\$ 25,317,979.00	\$ 21,584,095.00	\$ 18,182,444.00	\$ 17,452,316.00
	<u>\$ 20,712,426.00</u>	<u>\$ 21,399,120.00</u>	<u>\$ 20,381,989.00</u>	<u>\$ 25,317,979.00</u>	<u>\$ 21,584,095.00</u>	<u>\$ 18,182,444.00</u>	<u>\$ 17,452,316.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 4,284,792.00	\$ 4,044,256.00	\$ 4,010,992.00	\$ 3,654,788.00	\$ 3,813,492.00	\$ 3,912,944.00	\$ 3,833,004.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	483.39%	529.12%	508.15%	692.73%	565.99%	464.67%	455.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

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



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

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

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

	Measurement Date Ending June 30,		
	<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	\$ 637,264.00	\$ 711,381.00	\$ 862,128.00
Interest Cost	754,858.00	848,891.00	739,138.00
Difference Between Expected and Actual Experience	(3,405,671.00)	(3,001,541.00)	
Changes in Assumptions	251,272.00	(2,193,740.00)	(3,167,442.00)
Gross Benefit Payments	(517,320.00)	(511,174.00)	(538,409.00)
Member Contributions	15,335.00	17,667.00	19,826.00
Net Change in Total Non-Employer OPEB Liability	(2,264,262.00)	(4,128,516.00)	(2,084,759.00)
Total Non-Employer OPEB Liability - July 1	19,116,727.00	23,245,243.00	25,330,002.00
Total Non-Employer OPEB Liability - June 30	<u>\$ 16,852,465.00</u>	<u>\$ 19,116,727.00</u>	<u>\$ 23,245,243.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 3,783,443.00</u>	<u>\$ 3,898,215.00</u>	<u>\$ 3,790,590.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	445.43%	490.40%	613.24%

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

**CLEMENTON SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part IV  
For the Fiscal Year Ended June 30, 2020

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Changes of Benefit Terms - None

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

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

	Every Student Succeeds Act (E.S.S.A.)						Cares Act Elementary and Secondary School Emergency Relief (ESSER)		Clem Museum Music	
	Title I, Part A	Title I, Reallocation	Title II, Part A, Improving Teacher Quality	I.D.E.A. Part B, Basic	I.D.E.A. Part B, Preschool	Preschool Education Aid		Burlington County JIF		Total
REVENUES:										
Federal Sources	\$ 287,165.29	\$ 9,201.01	\$ 25,815.00	\$ 131,804.00	\$ 6,448.99		\$ 79,500.00			\$ 539,934.29
State Sources						\$ 67,456.64		\$ 1,000.00	\$ 1,994.71	67,456.64
Local Sources										2,994.71
Total Revenues	287,165.29	9,201.01	25,815.00	131,804.00	6,448.99	67,456.64	79,500.00	1,000.00	1,994.71	610,385.64
EXPENDITURES:										
Instruction:										
Salaries of Teachers	210,913.00					54,338.00				265,251.00
Other Salaries for Instruction						13,050.40				13,050.40
Tuition				131,804.00						131,804.00
Supplies and Materials					2,067.99					2,067.99
General Supplies	1,091.32	5,429.01				68.24	79,500.00		1,994.71	88,083.28
Total Instruction	212,004.32	5,429.01	-	131,804.00	2,067.99	67,456.64	79,500.00	-	1,994.71	500,256.67
Support Services:										
Salaries	1,592.50		20,615.00							22,207.50
Personnel Services - Employee Benefits	73,568.47									73,568.47
Purchased Professional and Technical Services			5,200.00		4,381.00					9,581.00
Supplies and Materials		3,772.00						1,000.00		4,772.00
Total Support Services	75,160.97	3,772.00	25,815.00	-	4,381.00	-	-	1,000.00	-	110,128.97
Total Expenditures	287,165.29	9,201.01	25,815.00	131,804.00	6,448.99	67,456.64	79,500.00	1,000.00	1,994.71	610,385.64
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CLEMENTON SCHOOL DISTRICT**  
Special Revenue Fund  
Schedule of Preschool Education Aid  
Budgetary Basis  
For the Fiscal Year Ended June 30, 2020

	<u>Original Budgeted</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 54,338.00	\$ -	\$ 54,338.00	\$ 54,338.00	\$ -
Other Salaries for Instruction	12,760.00	291.00	13,051.00	13,050.40	0.60
Purchased Professional - Educational Services	4,864.00	(291.00)	4,573.00		4,573.00
General Supplies	70.00		70.00	68.24	1.76
	<u>72,032.00</u>	<u>-</u>	<u>72,032.00</u>	<u>67,456.64</u>	<u>4,575.36</u>
Total Instruction	<u>72,032.00</u>	<u>-</u>	<u>72,032.00</u>	<u>67,456.64</u>	<u>4,575.36</u>
Total Expenditures	<u>\$ 72,032.00</u>	<u>\$ -</u>	<u>\$ 72,032.00</u>	<u>\$ 67,456.64</u>	<u>\$ 4,575.36</u>

Calculation of Budget and Carryover

Total Revised 2019-20 Preschool Education Aid Allocation	\$ 72,032.00
Add: Actual Preschool Education Aid Carryover (June 30, 2019)	-
Budgeted Transfer from General Fund 2019-20	-
Canceled Prior Year Encumbrances	-
	<u>72,032.00</u>
Total Preschool Education Aid Funds Available for 2019-20 Budget	72,032.00
Less: 2019-20 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(72,032.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2020	-
Add: June 30, 2020 Unexpended Preschool Education Aid	4,575.36
Less: 2019-20 Commissioner-approved Transfer to General Fund	<u>-</u>
2019-20 Carryover - Preschool Education Aid	<u>\$ 4,575.36</u>
2019-20 Preschool Education Aid Carryover Budgeted in 2020-21	<u>\$ -</u>



## **PROPRIETARY FUNDS**

**CLEMENTON SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Net Position  
June 30, 2020

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 68,055.11	\$ 287,592.15	\$ 355,647.26
Intergovernmental Accounts Receivable:			
Federal	13,811.10		13,811.10
State	133.27		133.27
Inventory:			
Food	810.60		810.60
Supplies	743.89		743.89
Commodities	5,461.65		5,461.65
Total Current Assets	<u>89,015.62</u>	<u>287,592.15</u>	<u>376,607.77</u>
Noncurrent Assets:			
Capital Assets:			
Machinery and Equipment	171,778.00		171,778.00
Less: Accumulated Depreciation	<u>(132,543.00)</u>		<u>(132,543.00)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>39,235.00</u>	<u>-</u>	<u>39,235.00</u>
Total Noncurrent Assets	<u>39,235.00</u>	<u>-</u>	<u>39,235.00</u>
Total Assets	<u>128,250.62</u>	<u>287,592.15</u>	<u>415,842.77</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable - Due Students	1,702.07		1,702.07
Interfund Accounts Payable:			
General Fund	3,698.93	15,919.31	19,618.24
Total Current Liabilities	<u>5,401.00</u>	<u>15,919.31</u>	<u>21,320.31</u>
Total Liabilities	<u>5,401.00</u>	<u>15,919.31</u>	<u>21,320.31</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	39,235.00		39,235.00
Unrestricted	83,614.62	271,672.84	355,287.46
Total Net Position	<u>\$ 122,849.62</u>	<u>\$ 271,672.84</u>	<u>\$ 394,522.46</u>

**CLEMENTON SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs			
School Lunch	\$ 20,647.48		\$ 20,647.48
School Breakfast	2,240.16		2,240.16
Daily Sales - Non-Reimbursable Programs			
Adult and Alacarte Sales	24,701.24		24,701.24
Other Sales	1,864.77		1,864.77
Tuition and Fees		\$ 129,159.54	129,159.54
Due to Student Activities Fund - Fees for Summer Musical Program		3,420.00	3,420.00
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	49,453.65	132,579.54	182,033.19
<b>OPERATING EXPENSES:</b>			
Food Service Management Company Salaries	69,604.80		69,604.80
Personnel Services - Salaries		74,357.87	74,357.87
Food Service Management Company Employee Benefits	29,484.30		29,484.30
Personnel Services - Employee Benefits		6,159.59	6,159.59
Purchased Professional and Technical Services	17,298.37		17,298.37
Other Purchased Services	5,688.31	40.00	5,728.31
Supplies and Materials	9,145.53	1,845.73	10,991.26
Cleaning, Repairs and Maintenance	3,698.93	15,919.31	19,618.24
Depreciation	8,690.00		8,690.00
Cost of Sales:			
Reimbursable Program	82,781.71		82,781.71
Non-Reimbursable Program	10,231.45		10,231.45
Miscellaneous - Due to Student Activities Fund for Summer Musical Program Fees		3,420.00	3,420.00
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	236,623.40	101,742.50	338,365.90
Operating Income (Loss)	<hr/> (187,169.75)	<hr/> 30,837.04	<hr/> (156,332.71)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	2,505.14		2,505.14
Federal Sources:			
National School Breakfast Program	19,449.50		19,449.50
National School Lunch Program	105,224.54		105,224.54
After School Snack Program	7,271.84		7,271.84
HHFKA - Performance Based	3,231.55		3,231.55
Seamless Summer Option	50,715.04		50,715.04
Food Distribution Program	20,001.05		20,001.05
Interest and Investment Revenue		3,369.11	3,369.11
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	208,398.66	3,369.11	211,767.77
Change in Net Position	21,228.91	34,206.15	55,435.06
Net Position, July 1	<hr/> 101,620.71	<hr/> 237,466.69	<hr/> 339,087.40
Net Position, June 30	<hr/> \$ 122,849.62	<hr/> \$ 271,672.84	<hr/> \$ 394,522.46

**CLEMENTON SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2020

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers and Users	\$ 50,408.73	\$ 129,159.54	\$ 179,568.27
Receipts from Interfund Services Provided		3,420.00	3,420.00
Payments to Suppliers	(229,980.57)	(1,885.73)	(231,866.30)
Payments to Employees		(80,498.12)	(80,498.12)
Payments for Employee Benefits		(6,159.59)	(6,159.59)
Payments for Interfund Services Used		(3,420.00)	(3,420.00)
Net Cash Provided by (Used for) Operating Activities	<u>(179,571.84)</u>	<u>40,616.10</u>	<u>(138,955.74)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Federal Sources	223,012.80		223,012.80
State Sources	<u>2,852.04</u>		<u>2,852.04</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>225,864.84</u>	<u>-</u>	<u>225,864.84</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases of Capital Assets	<u>(7,650.00)</u>		<u>(7,650.00)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(7,650.00)</u>	<u>-</u>	<u>(7,650.00)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends Received		<u>3,369.11</u>	<u>3,369.11</u>
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>3,369.11</u>	<u>3,369.11</u>
Net Increase (Decrease) in Cash and Cash Equivalents	38,643.00	43,985.21	82,628.21
Cash and Cash Equivalents, July 1	<u>29,412.11</u>	<u>243,606.94</u>	<u>273,019.05</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 68,055.11</u></u>	<u><u>\$ 287,592.15</u></u>	<u><u>\$ 355,647.26</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	\$ (187,169.75)	\$ 30,837.04	\$ (156,332.71)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	8,690.00		8,690.00
(Increase) Decrease in Inventories	(5,746.10)		(5,746.10)
Increase (Decrease) in Accounts Payable	955.08		955.08
Increase (Decrease) in Interfund Accounts Payable	<u>3,698.93</u>	<u>9,779.06</u>	<u>13,477.99</u>
Total Adjustments	<u>7,597.91</u>	<u>9,779.06</u>	<u>17,376.97</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (179,571.84)</u></u>	<u><u>\$ 40,616.10</u></u>	<u><u>\$ (138,955.74)</u></u>

## **FIDUCIARY FUNDS**

**CLEMENTON SCHOOL DISTRICT**  
Fiduciary Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2020

	Private-Purpose Trust Funds			Agency Funds		
	Unemployment Compensation Trust	Flexible Benefits Trust	Scholarship Fund	Student Activity	Payroll	Total
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 148,939.64	\$ -	\$ 4,217.39	\$ 20,750.39	\$ 10,797.28	\$ 184,704.70
Intrafund Accounts Receivable: Unemployment					1,212.96	1,212.96
Total Assets	148,939.64	-	4,217.39	20,750.39	12,010.24	185,917.66
<b>LIABILITIES:</b>						
Intrafund Accounts Payable: Payroll	1,212.96					1,212.96
Interfund Accounts Payable: General Fund	5,393.17				\$ 255.72	5,648.89
Payable to Student Groups				\$ 20,750.39		20,750.39
Payroll Deductions and Withholdings					11,754.52	11,754.52
Total Liabilities	6,606.13	-	-	20,750.39	12,010.24	39,366.76
<b>NET POSITION:</b>						
Held in Trust for Unemployment Claims and Other Purposes	\$ 142,333.51	\$ -	\$ 4,217.39			\$ 146,550.90

**CLEMENTON SCHOOL DISTRICT**  
Fiduciary Funds  
Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2020

	Private-Purpose Trust Funds			
	Unemployment Compensation <u>Trust</u>	Flexible Benefits <u>Trust</u>	Scholarship <u>Fund</u>	<u>Total</u>
ADDITIONS:				
Contributions:				
Employee	\$ 8,162.90	\$ -	\$ -	\$ 8,162.90
Total Contributions	8,162.90	-	-	8,162.90
Investment Earnings:				
Interest and Dividends	1,810.62	23.66		1,834.28
Net Investment Earnings	1,810.62	23.66	-	1,834.28
Total Additions	9,973.52	23.66	-	9,997.18
DEDUCTIONS:				
Awarded Scholarships			1,000.00	1,000.00
Claims	6,606.13			6,606.13
Miscellaneous	116.01			116.01
Equity Transfer		2,065.44		2,065.44
Total Deductions	6,722.14	2,065.44	1,000.00	9,787.58
Change in Net Position	3,251.38	(2,041.78)	(1,000.00)	209.60
Net Position, July 1	139,082.13	2,041.78	5,217.39	146,341.30
Net Position, June 30	\$ 142,333.51	\$ -	\$ 4,217.39	\$ 146,550.90

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

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	Balance <u>June 30, 2019</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2020</u>
Elementary School:				
Clementon Elementary School	<u>\$ 20,492.10</u>	<u>\$ 17,142.94</u>	<u>\$ 16,884.65</u>	<u>\$ 20,750.39</u>



**CLEMENTON SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll and 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>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 46,272.73	\$ 4,920,875.85	\$ 4,956,351.30	\$ 10,797.28
Interfund Accounts Receivable:				
General Fund		1,212.96		1,212.96
Total Assets	<u>\$ 46,272.73</u>	<u>\$ 4,922,088.81</u>	<u>\$ 4,956,351.30</u>	<u>\$ 12,010.24</u>
<b>LIABILITIES:</b>				
Intrafund Accounts Payable:				
Unemployment Compensation Trust	\$ 5,393.17	\$ -	\$ 5,393.17	\$ -
Interfund Accounts Payable:				
General Fund	175.89	1,243.72	1,163.89	255.72
Accrued Salaries and Wages		2,746,123.48	2,746,123.48	
Payroll Deductions and Withholdings	40,703.67	2,174,721.61	2,203,670.76	11,754.52
Total Liabilities	<u>\$ 46,272.73</u>	<u>\$ 4,922,088.81</u>	<u>\$ 4,956,351.30</u>	<u>\$ 12,010.24</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.

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014 *	2013	2012	2011
Governmental Activities:										
Net Investment in Capital Assets	\$ 5,540,325.41	\$ 5,729,908.86	\$ 5,637,348.25	\$ 3,824,343.91	\$ 3,482,552.28	\$ 3,323,614.12	\$ 3,037,931.25	\$ 2,913,510.38	\$ 2,880,872.00	\$ 2,908,481.00
Restricted	1,918,394.33	2,305,364.66	2,709,827.49	3,427,861.70	2,871,048.01	2,439,948.99	1,801,261.39	1,696,504.64	1,791,768.00	1,278,322.00
Unrestricted (Deficit)	(1,370,276.95)	(1,840,940.29)	(1,333,780.07)	(1,154,633.92)	(1,790,250.71)	(1,950,556.20)	(1,935,272.61)	(610,570.45)	(521,393.21)	(688,122.00)
Total Governmental Activities Net Position	<u>\$ 6,088,442.79</u>	<u>\$ 6,194,333.23</u>	<u>\$ 7,013,395.67</u>	<u>\$ 6,097,571.69</u>	<u>\$ 4,563,349.58</u>	<u>\$ 3,813,006.91</u>	<u>\$ 2,903,920.03</u>	<u>\$ 3,999,444.57</u>	<u>\$ 4,151,246.79</u>	<u>\$ 3,498,681.00</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 39,235.00	\$ 40,275.00	\$ 34,105.00	\$ 42,580.00	\$ 39,957.00	\$ 47,705.00	\$ 55,521.00	\$ 63,407.00	\$ 71,291.00	\$ 79,175.00
Unrestricted	355,287.46	298,812.40	285,915.78	205,167.14	162,897.12	117,431.07	124,788.24	109,198.66	86,684.09	95,940.00
Total Business-Type Activities Net Position	<u>\$ 394,522.46</u>	<u>\$ 339,087.40</u>	<u>\$ 320,020.78</u>	<u>\$ 247,747.14</u>	<u>\$ 202,854.12</u>	<u>\$ 165,136.07</u>	<u>\$ 180,309.24</u>	<u>\$ 172,605.66</u>	<u>\$ 157,975.09</u>	<u>\$ 175,115.00</u>
Government-Wide:										
Net Investment in Capital Assets	\$ 5,579,560.41	\$ 5,770,183.86	\$ 5,671,453.25	\$ 3,866,923.91	\$ 3,522,509.28	\$ 3,371,319.12	\$ 3,093,452.25	\$ 2,976,917.38	\$ 2,952,163.00	\$ 2,987,656.00
Restricted	1,918,394.33	2,305,364.66	2,709,827.49	3,427,861.70	2,871,048.01	2,439,948.99	1,801,261.39	1,696,504.64	1,791,768.00	1,278,322.00
Unrestricted (Deficit)	(1,014,989.49)	(1,542,127.89)	(1,047,864.29)	(949,466.78)	(1,627,353.59)	(1,833,125.13)	(1,810,484.37)	(501,371.79)	(434,709.12)	(592,182.00)
Total Government-Wide Net Position	<u>\$ 6,482,965.25</u>	<u>\$ 6,533,420.63</u>	<u>\$ 7,333,416.45</u>	<u>\$ 6,345,318.83</u>	<u>\$ 4,766,203.70</u>	<u>\$ 3,978,142.98</u>	<u>\$ 3,084,229.27</u>	<u>\$ 4,172,050.23</u>	<u>\$ 4,309,221.88</u>	<u>\$ 3,673,796.00</u>

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

Source: Comprehensive Annual Financial Report Exhibit A-1.

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 2,982,827.39	\$ 3,039,360.91	\$ 2,992,142.08	\$ 3,017,969.92	\$ 2,854,815.19	\$ 2,821,858.53	\$ 2,845,950.63	\$ 2,889,736.57	\$ 2,300,491.00	\$ 2,880,613.00
Special Education	884,987.01	730,938.95	632,035.47	717,919.36	758,730.08	720,609.51	653,593.97	633,144.98	1,172,550.00	660,020.00
Other Special Instruction	54,435.60	56,520.76	54,295.19	7,921.49	31,795.67	82,410.57	76,755.00	1,000.00		
Other Instruction	38,100.57	45,085.34	42,993.84	41,031.02	42,687.21	36,370.18	39,002.15	34,531.68	32,534.00	31,908.00
Support Services:										
Tuition	3,606,633.83	3,674,111.41	3,177,266.96	2,991,727.96	3,329,269.36	3,363,785.42	3,731,577.35	3,795,588.99	3,709,226.00	3,728,817.00
Student and Instruction Related Services	1,037,910.78	1,046,658.31	964,116.34	999,211.81	838,316.18	812,623.24	782,578.79	806,058.08	830,822.00	842,179.00
Other Administrative Services	386,058.41	371,901.08	367,156.78	445,153.24	340,974.56	314,274.25	283,565.67	386,628.47	465,638.00	482,988.00
School Administrative Services	321,782.38	321,564.65	339,414.71	316,789.44	337,847.31	377,780.71	355,526.98	353,764.89	134,652.00	144,735.00
Plant Operations and Maintenance	472,875.90	434,502.73	467,719.20	451,146.25	487,696.41	461,712.18	519,051.17	517,495.86	437,070.00	466,227.00
Pupil Transportation	661,686.78	1,003,319.45	602,152.19	669,000.31	572,523.78	432,337.03	575,282.42	442,717.23	321,146.00	382,306.00
Personal Services - Employee Benefits	3,133,109.29	4,842,441.89	4,255,315.41	3,882,449.25	3,269,088.52	2,857,537.59	1,894,955.88	1,954,284.45	1,987,590.00	1,885,736.00
Transfer of Funds to Charter School	45,836.00	229,180.53	150,249.00	165,573.00	51,507.00	59,369.00	19,386.00	34,141.00		
Interest on Long-term Debt			15,982.71	26,656.13	33,659.89	40,661.02	51,735.35	86,173.01	131,850.00	124,126.00
Unallocated Depreciation and Amortization	34,108.59	37,960.64	34,022.02	30,225.71	33,210.28	29,585.11	29,354.50	29,109.40	40,254.00	47,021.00
<b>Total Governmental Activities Expenses</b>	<b>13,660,352.53</b>	<b>15,833,546.65</b>	<b>14,094,861.90</b>	<b>13,762,774.89</b>	<b>12,982,121.44</b>	<b>12,410,814.34</b>	<b>11,858,315.86</b>	<b>11,964,374.61</b>	<b>11,563,823.00</b>	<b>11,676,676.00</b>
Business-Type Activities:										
Food Service	236,623.40	258,773.53	236,351.53	243,719.71	234,792.20	237,690.00	246,356.61	255,227.12	246,040.00	235,821.00
Camp Clementon Community Education	101,742.50	118,259.37	62,726.50	67,660.28	67,410.28	77,906.70	44,167.83	45,508.40	69,873.00	79,399.00
<b>Total Business-Type Activities Expense</b>	<b>338,365.90</b>	<b>377,032.90</b>	<b>299,078.03</b>	<b>311,379.99</b>	<b>302,202.48</b>	<b>315,596.70</b>	<b>290,524.44</b>	<b>300,735.52</b>	<b>315,913.00</b>	<b>315,220.00</b>
<b>Total Government-Wide Expenses</b>	<b>\$ 13,998,718.43</b>	<b>\$ 16,210,579.55</b>	<b>\$ 14,393,939.93</b>	<b>\$ 14,074,154.88</b>	<b>\$ 13,284,323.92</b>	<b>\$ 12,726,411.04</b>	<b>\$ 12,148,840.30</b>	<b>\$ 12,265,110.13</b>	<b>\$ 11,879,736.00</b>	<b>\$ 11,991,896.00</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services	\$ 58,235.70	\$ 91,532.84	\$ 75,125.00	\$ 164,803.78	\$ 129,958.73	\$ 87,815.55	\$ 80,870.39	\$ 1,324.00	\$ 12,516.00	
Operating Grants and Contributions	1,185,649.22	3,899,213.46	3,511,420.72	3,067,622.78	2,371,018.47	2,036,553.42	1,159,245.92	1,274,180.80	1,288,943.00	\$ 1,300,677.00
Capital Grants and Contributions						97,831.90				
<b>Total Governmental Activities Program Revenues</b>	<b>1,243,884.92</b>	<b>3,990,746.30</b>	<b>3,586,545.72</b>	<b>3,232,426.56</b>	<b>2,500,977.20</b>	<b>2,222,200.87</b>	<b>1,240,116.31</b>	<b>1,275,504.80</b>	<b>1,301,459.00</b>	<b>1,300,677.00</b>
Business-Type Activities:										
Charges for services:										
Food Service	49,453.65	64,798.68	61,382.42	57,967.44	56,797.56	51,291.50	58,527.87	67,379.42	61,727.00	69,567.00
Camp Clementon Community Education	132,579.54	132,540.65	131,460.66	118,672.79	102,073.80	71,178.07	68,476.54	75,654.24	58,153.00	64,603.00
Operating Grants and Contributions	208,398.66	195,842.65	178,279.87	179,632.78	181,049.17	177,952.77	171,000.64	172,113.86	178,613.00	183,026.00
<b>Total Business-Type Activities Program Revenues</b>	<b>390,431.85</b>	<b>393,181.98</b>	<b>371,122.95</b>	<b>356,273.01</b>	<b>339,920.53</b>	<b>300,422.34</b>	<b>298,005.05</b>	<b>315,147.52</b>	<b>298,493.00</b>	<b>317,196.00</b>
<b>Total Government-Wide Program Revenues</b>	<b>\$ 1,634,316.77</b>	<b>\$ 4,383,928.28</b>	<b>\$ 3,957,668.67</b>	<b>\$ 3,588,699.57</b>	<b>\$ 2,840,897.73</b>	<b>\$ 2,522,623.21</b>	<b>\$ 1,538,121.36</b>	<b>\$ 1,590,652.32</b>	<b>\$ 1,599,952.00</b>	<b>\$ 1,617,873.00</b>
<b>Net (Expense) / Revenue:</b>										
Governmental Activities	\$ (12,416,467.61)	\$ (11,842,800.35)	\$ (10,508,316.18)	\$ (10,530,348.33)	\$ (10,481,144.24)	\$ (10,188,613.47)	\$ (10,618,199.55)	\$ (10,688,869.81)	\$ (10,262,364.00)	\$ (10,375,999.00)
Business-Type Activities	52,065.95	16,149.08	72,044.92	44,893.02	37,718.05	(15,174.36)	7,480.61	14,412.00	(17,420.00)	1,976.00
<b>Total Government-Wide Net Expense</b>	<b>\$ (12,364,401.66)</b>	<b>\$ (11,826,651.27)</b>	<b>\$ (10,436,271.26)</b>	<b>\$ (10,485,455.31)</b>	<b>\$ (10,443,426.19)</b>	<b>\$ (10,203,787.83)</b>	<b>\$ (10,610,718.94)</b>	<b>\$ (10,674,457.81)</b>	<b>\$ (10,279,784.00)</b>	<b>\$ (10,374,023.00)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 4,370,501.00	\$ 4,284,805.00	\$ 4,200,789.00	\$ 4,158,197.03	\$ 4,118,079.04	\$ 4,076,653.00	\$ 3,997,359.00	\$ 3,918,979.00	\$ 3,842,137.00	\$ 3,767,070.00
Property Taxes, Levied for Debt Service			456,409.00	446,537.01	432,389.00	445,380.01	328,678.00	335,512.00	289,880.00	330,079.00
Federal and State Aid - Unrestricted	7,705,412.25	6,597,777.53	6,462,178.70	6,497,913.76	6,450,408.88	6,518,714.99	6,431,998.98	6,303,600.34	6,522,811.00	6,222,122.00
Federal and State Aid - Restricted							97,195.50	84,966.42		
Interest and Investment Earnings - Unrestricted	12,240.81	28,076.68	12,283.79	6,276.89		1.27	7,243.76	10,695.10	1,396.00	2,877.00
Interest and Investment Earnings - Restricted	7,326.66	9,557.96	1,368.14			1.15	1,352.37	1,163.76		
Miscellaneous	150,903.45	103,520.74	261,111.53	955,244.75	230,609.99	56,949.93	127,986.40	82,759.97	169,958.00	209,151.00
Cancellation of Prior Year Liability	64,193.00									
Gain (Loss) on Disposal of Capital Assets				(599.00)		(4,805.00)			(79,175.00)	
Transfers			30,000.00							
<b>Total Governmental Activities</b>	<b>12,310,577.17</b>	<b>11,023,737.91</b>	<b>11,424,140.16</b>	<b>12,064,570.44</b>	<b>11,231,486.91</b>	<b>11,092,895.35</b>	<b>10,991,814.01</b>	<b>10,737,676.59</b>	<b>10,747,007.00</b>	<b>10,531,299.00</b>

(Continued)

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015 *	2014	2013	2012	2011
General Revenues and Other Changes in Net Position (Cont'd):										
Business-Type Activities:										
Interest and Investment Earnings - Unrestricted	\$ 3,369.11	\$ 2,917.54	\$ 228.72	\$ -	\$ -	\$ 1.19	\$ 222.97	\$ 218.57	\$ 278.00	\$ 479.00
Reclassification of Construction in Progress Transfers										
Total Business-Type Activities	<u>3,369.11</u>	<u>2,917.54</u>	<u>228.72</u>	<u>-</u>	<u>-</u>	<u>1.19</u>	<u>222.97</u>	<u>218.57</u>	<u>278.00</u>	<u>479.00</u>
Total Government-Wide	<u>\$ 12,313,946.28</u>	<u>\$ 11,026,655.45</u>	<u>\$ 11,424,368.88</u>	<u>\$ 12,064,570.44</u>	<u>\$ 11,231,486.91</u>	<u>\$ 11,092,896.54</u>	<u>\$ 10,992,036.98</u>	<u>\$ 10,737,895.16</u>	<u>\$ 10,747,285.00</u>	<u>\$ 10,531,778.00</u>
Change in Net Position:										
Governmental Activities	\$ (105,890.44)	\$ (819,062.44)	\$ 915,823.98	\$ 1,534,222.11	\$ 750,342.67	\$ 904,281.88	\$ 373,614.46	\$ 48,806.78	\$ 484,643.00	\$ 155,300.00
Business-Type Activities	<u>55,435.06</u>	<u>19,066.62</u>	<u>72,273.64</u>	<u>44,893.02</u>	<u>37,718.05</u>	<u>(15,173.17)</u>	<u>7,703.58</u>	<u>14,630.57</u>	<u>(17,142.00)</u>	<u>2,455.00</u>
Total Government-Wide	<u>\$ (50,455.38)</u>	<u>\$ (799,995.82)</u>	<u>\$ 988,097.62</u>	<u>\$ 1,579,115.13</u>	<u>\$ 788,060.72</u>	<u>\$ 889,108.71</u>	<u>\$ 381,318.04</u>	<u>\$ 63,437.35</u>	<u>\$ 467,501.00</u>	<u>\$ 157,755.00</u>

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

Source: Comprehensive Annual Financial Report Exhibit A-2.

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$ 1,918,394.33	\$ 2,305,364.66	\$ 2,709,826.98	\$ 3,427,861.19	\$ 2,871,047.51	\$ 2,426,498.09	\$ 1,741,447.40	\$ 1,686,744.27	\$ 1,410,581.00	\$ 824,913.00
Committed			557,823.88	836,442.68						
Assigned	530,075.50	199,133.45	206,640.69	120,077.47	313,617.70	111,248.56	205,348.28	109,771.39	372,080.00	401,491.00
Unassigned (Deficit)	<u>(377,245.00)</u>	<u>(373,921.50)</u>	<u>(316,811.40)</u>	<u>(300,499.10)</u>	<u>(325,882.70)</u>	<u>(288,099.70)</u>	<u>(340,671.00)</u>	<u>(341,800.43)</u>	<u>(316,459.90)</u>	<u>(181,792.00)</u>
Total General Fund	<u>\$ 2,071,224.83</u>	<u>\$ 2,130,576.61</u>	<u>\$ 3,157,480.15</u>	<u>\$ 4,083,882.24</u>	<u>\$ 2,858,782.51</u>	<u>\$ 2,249,646.95</u>	<u>\$ 1,606,124.68</u>	<u>\$ 1,454,715.23</u>	<u>\$ 1,466,201.10</u>	<u>\$ 1,044,612.00</u>
All Other Governmental Funds:										
Restricted	\$ -	\$ -	\$ 0.51	\$ 0.51	\$ 0.50	\$ 13,450.90	\$ 59,813.99	\$ 9,760.37	\$ 9,107.11	\$ 51,918.00
Unassigned (Deficit)	<u>(2,620.64)</u>	<u>(6,212.50)</u>	<u>(10,491.60)</u>	<u>(1,830.98)</u>	<u>(9,617.30)</u>	<u>(8,824.30)</u>	<u>(5,985.99)</u>	<u>(6,216.49)</u>		<u>(12,541.00)</u>
Total All Other Governmental Funds	<u>\$ (2,620.64)</u>	<u>\$ (6,212.50)</u>	<u>\$ (10,491.09)</u>	<u>\$ (1,830.47)</u>	<u>\$ (9,616.80)</u>	<u>\$ 4,626.60</u>	<u>\$ 53,828.00</u>	<u>\$ 3,543.88</u>	<u>\$ 9,107.11</u>	<u>\$ 39,377.00</u>

Source: Comprehensive Annual Financial Report Exhibit B-1.

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Local Tax Levy	\$ 4,370,501.00	\$ 4,284,805.00	\$ 4,657,198.00	\$ 4,605,734.04	\$ 4,550,468.04	\$ 4,522,033.01	\$ 4,326,037.00	\$ 4,254,491.00	\$ 4,132,017.00	\$ 4,097,149.00
Tuition Charges	58,235.70	91,532.84	75,125.00	164,803.78	129,958.73	87,815.55	80,870.39	1,324.00	12,516.00	85,115.00
Interest Earned on Capital Reserve Funds	7,326.66	9,557.96	1,368.14			1.15	1,352.37	1,163.76		
Interest Earnings									1,396.00	2,877.00
Textbook Sales and Rentals								93,455.07		
Unrestricted Miscellaneous Revenues	163,144.26	131,597.42	273,395.32	961,521.64	230,609.99	61,756.20	135,230.16	428,749.49	169,958.00	124,036.00
Federal Sources	475,621.04	527,740.76	509,180.16	542,751.66	411,118.78	492,818.49	478,774.54	7,233,998.07	756,140.00	546,329.00
State Sources	8,032,530.72	7,877,749.74	7,635,662.26	7,460,515.88	7,350,083.57	7,366,521.82	7,209,665.86		7,055,614.00	6,976,470.00
Local Sources	2,994.71	4,154.49								
<b>Total Revenue</b>	<b>13,110,354.09</b>	<b>12,927,138.21</b>	<b>13,151,928.88</b>	<b>13,735,327.00</b>	<b>12,672,239.11</b>	<b>12,530,946.22</b>	<b>12,231,930.32</b>	<b>12,013,181.39</b>	<b>12,127,641.00</b>	<b>11,831,976.00</b>
<b>Expenditures:</b>										
<b>Current:</b>										
<b>Instruction:</b>										
Regular Instruction	2,722,132.80	2,782,807.98	2,748,063.92	2,799,056.38	2,610,277.74	2,610,783.78	2,639,611.93	2,684,144.72	2,160,009.00	2,653,458.00
Special Education Instruction	884,987.01	730,938.95	632,035.47	717,919.36	751,033.10	719,759.08	650,525.95	636,778.17	1,172,550.00	660,020.00
Other Special Instruction	54,435.60	56,520.76	54,295.19	7,921.49	31,795.67	82,410.57	76,755.00	1,000.00		
Other Instruction	38,100.57	45,085.34	42,993.84	41,031.02	42,687.21	36,370.18	39,002.15	34,531.68	32,534.00	31,908.00
<b>Support Services and Undistributed Costs:</b>										
Tuition	3,606,633.83	3,674,111.41	3,177,266.96	2,991,727.96	3,329,269.36	3,363,785.42	3,731,577.35	3,795,588.99	3,709,226.00	3,728,817.00
Student and Instruction Related Services	1,037,910.78	1,046,658.31	964,116.34	999,211.81	838,316.18	812,623.24	782,578.79	806,058.08	830,822.00	842,179.00
Other Administrative Services	351,950.97	333,941.73	332,759.14	430,645.45	303,593.97	284,690.15	254,212.17	308,725.07	436,235.00	446,815.00
School Administrative Services	321,782.38	337,712.15	339,011.02	316,392.21	337,621.25	375,503.91	355,526.98	353,764.89	134,652.00	144,735.00
Plant Operations and Maintenance	443,924.75	396,543.36	433,789.61	423,361.12	453,776.54	429,840.52	442,831.69	455,390.30	407,667.00	405,861.00
Pupil Transportation	661,686.78	1,003,319.45	602,152.19	669,000.31	572,523.78	432,337.03	575,282.42	442,717.23	321,146.00	382,306.00
Personal Services - Employee Benefits	2,850,393.29	2,840,783.89	2,469,206.41	2,267,521.07	2,228,510.35	2,100,538.47	1,942,363.16	2,017,492.46	2,016,030.00	1,915,406.00
Capital Outlay	146,339.25	472,159.30	1,714,643.50	226,542.76	82,935.30	183,234.00	85,108.00	45,693.16	37,473.00	319,457.00
Transfer of Funds to Charter Schools	45,836.00	229,180.53	150,249.00	165,573.00	51,507.00	59,369.00	19,386.00	34,141.00	32,686.00	
<b>Debt Service:</b>										
Principal			449,000.00	432,000.00	422,000.00	417,000.00	393,000.00	345,000.00	330,000.00	320,000.00
Interest and Other Charges			7,409.00	14,537.00	21,499.50	23,380.00	42,475.16	100,857.50	115,292.00	129,295.00
<b>Total Expenditures</b>	<b>13,166,114.01</b>	<b>13,949,763.16</b>	<b>14,116,991.59</b>	<b>12,502,440.94</b>	<b>12,077,346.95</b>	<b>11,931,625.35</b>	<b>12,030,236.75</b>	<b>12,061,883.25</b>	<b>11,736,322.00</b>	<b>11,980,257.00</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(55,759.92)	(1,022,624.95)	(965,062.71)	1,232,886.06	594,892.16	599,320.87	201,693.57	(48,701.86)	391,319.00	(148,281.00)
<b>Other Financing Sources (Uses):</b>										
Proceeds of Refunding Bonds								1,753,000.00		
Payment to Refunded Bond Escrow Agent								(1,721,347.24)		
Transfers In			30,000.00		(2,339.90)		66,708.00		9,126.00	570.00
Transfers Outs					2,339.90		(66,708.00)		(9,126.00)	(570.00)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>30,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,652.76</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (55,759.92)</b>	<b>\$ (1,022,624.95)</b>	<b>\$ (935,062.71)</b>	<b>\$ 1,232,886.06</b>	<b>\$ 594,892.16</b>	<b>\$ 599,320.87</b>	<b>\$ 201,693.57</b>	<b>\$ (17,049.10)</b>	<b>\$ 391,319.00</b>	<b>\$ (148,281.00)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	-	-	3.7%	3.6%	3.7%	3.7%	3.6%	3.7%	3.8%	3.9%

Source: Comprehensive Annual Financial Report Exhibit B-2.



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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
E-Rate Reimbursements	\$ 7,987.20	\$ 12,992.10	\$ 14,858.31	\$ 56,536.68	\$ 25,175.69	\$ 12,368.09	\$ 15,590.62	\$ 21,053.94	\$ 21,450.00	\$ 3,977.00
Book Fine						109.00				
Cancellation of Accrued Wages					139,001.24					
Endowment Donation				840,442.68						
Insurance Reimbursements / Surplus						7,227.00		6,170.00		
Interest on Investments	22,352.39	3,404.38	12,283.79	6,276.89		1.27	7,243.76	10,695.10	15,816.00	21,807.00
Miscellaneous	25,079.28	16,360.61	3,529.31	33.60	927.09	225.50	1,818.79	3,231.08	13,412.00	4,342.00
Refunds			3,990.17	1,527.00	10,216.10	9,981.44	1,829.08	6,494.28	35,001.00	50,547.00
Rent	19,618.24	24,000.00						4,400.00		
Refund of Prior Year's Expenditures	21,944.66	7,960.94	218,971.49	32,809.07	10,086.54	5,000.00	36,173.81	14,370.67		
Solar Renewable Energy Credits	66,162.49	26,872.81	19,762.25	23,895.72	37,061.68	22,038.90	26,462.50	27,040.00	85,675.00	46,240.00
Tuition					8,141.65		46,111.60		12,516.00	85,115.00
	<u>\$ 163,144.26</u>	<u>\$ 91,590.84</u>	<u>\$ 273,395.32</u>	<u>\$ 961,521.64</u>	<u>\$ 230,609.99</u>	<u>\$ 56,951.20</u>	<u>\$ 135,230.16</u>	<u>\$ 93,455.07</u>	<u>\$ 183,870.00</u>	<u>\$ 212,028.00</u>

Source: School District records.

## **REVENUE CAPACITY INFORMATION**

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

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Exhibit J-6

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

Year Ended <u>Dec. 31</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Apartment</u>	Total Assessed Value	Public Utilities <sup>(1)</sup>	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized ) Value	Total Direct School Tax Rate <sup>(2)</sup>
2020	\$ 4,172,800.00	\$ 195,421,110.00	\$ 160,600.00	\$ 6,300.00	\$ 33,872,800.00	\$ 15,709,300.00	\$ 249,342,910.00	\$ -	\$ 249,342,910.00	\$ 31,249,800.00	\$ 257,977,215.00	\$ 1.770
2019	4,119,300.00	195,228,760.00	160,600.00	6,300.00	33,984,900.00	15,709,300.00	249,209,160.00	-	249,209,160.00	31,058,100.00	253,419,658.00	1.737
2018	4,385,900.00	194,608,100.00	160,600.00	6,300.00	33,734,900.00	15,709,300.00	248,605,100.00	-	248,605,100.00	31,147,100.00	250,906,664.00	1.798
2017	5,410,700.00	216,159,900.00	179,500.00	6,000.00	36,902,600.00	14,435,000.00	273,093,700.00	-	273,093,700.00	40,491,100.00	248,107,958.00	1.695
2016	5,307,700.00	218,920,200.00	179,500.00	6,000.00	41,833,000.00	14,435,000.00	280,681,400.00	-	280,681,400.00	37,170,200.00	259,589,006.00	1.631
2015	4,691,700.00	219,444,600.00	179,500.00	6,000.00	41,939,500.00	14,435,000.00	280,696,300.00	-	280,696,300.00	37,092,300.00	238,590,125.00	1.616
2014	4,922,100.00	223,676,400.00	179,500.00	6,000.00	42,682,500.00	14,619,800.00	286,086,300.00	-	286,086,300.00	37,099,100.00	269,191,207.76	1.546
2013	4,505,400.00	224,319,000.00	179,500.00	6,000.00	44,053,800.00	14,619,800.00	287,683,500.00	495,251.00	288,178,751.00	38,090,800.00	281,392,416.00	1.488
2012	4,490,900.00	225,130,300.00	179,500.00	6,000.00	44,091,900.00	14,619,800.00	288,518,400.00	530,077.00	289,048,477.00	37,487,500.00	278,685,548.00	1.450
2011	4,478,000.00	225,381,800.00	179,500.00	6,000.00	44,198,200.00	14,619,800.00	288,863,300.00	552,147.00	289,415,447.00	37,683,100.00	291,064,564.00	1.421

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

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

Source: Camden County Board of Taxation.

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

Year Ended Dec. 31	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Borough of Clementon</u>	<u>Camden County</u>	
2020	\$ 1.770	\$ -	\$ 1.770	\$ 1.650	\$ 0.879	\$ 4.299
2019	1.718	-	1.718	1.605	0.809	4.132
2018	1.706	0.092	1.798	1.597	0.901	4.296
2017	1.531	0.165	1.696	1.408	0.775	3.879
2016	1.474	0.157	1.631	1.292	0.814	3.737
2015	1.460	0.156	1.616	1.279	0.745	3.640
2014	1.411	0.135	1.545	1.263	0.803	3.611
2013	1.374	0.115	1.488	1.194	0.814	3.496
2012	1.343	0.107	1.450	1.152	0.744	3.346
2011	1.315	0.107	1.422	1.101	0.717	3.240

\* information not available.

Source: Municipal Tax Collector.

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

<u>Taxpayer</u>	2020			2011 <sup>(1)</sup>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Silver Lake Manor LLC	\$ 7,277,800.00	1	2.92%			
Clementon Lake Holding LLC	4,676,300.00	2	1.88%			
Chestnut Arm Realty LLC	4,261,200.00	3	1.71%			
Medici LLC	3,264,600.00	4	1.31%		Not Available	
First Northern Star	2,100,600.00	5	0.84%			
YF Lincoln Holdings & Lincoln Ct Apts	1,889,800.00	6	0.76%			
Daniel G. Kamin White Horse Pike LLC	1,865,100.00	7	0.75%			
Clementon Equities LLC	1,860,500.00	8	0.75%			
Three-B Sac Self Storage Limited	1,736,000.00	9	0.70%			
Clementon Norse LLC	1,600,100.00	10	0.64%			
Total	<u>\$ 30,532,000.00</u>		<u>12.25%</u>	<u>\$ -</u>		

Source: Municipal Tax Assessor.

<sup>(1)</sup> 2011 Data Unavailable

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

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Fiscal Year Ended <u>June 30,</u>	School District Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the <u>the Levy</u> <sup>(1)</sup>		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	Percentage <u>of Levy</u>	
2020	\$ 4,370,501.00	\$ 4,370,501.00	100.00%	
2019	4,284,805.00	4,284,805.00	100.00%	
2018	4,657,198.00	4,657,198.00	100.00%	
2017	4,605,734.04	4,605,734.04	100.00%	
2016	4,550,468.04	4,550,468.04	100.00%	
2015	4,522,033.01	4,522,033.01	100.00%	
2014	4,326,037.00	3,965,533.88	91.67%	\$ 360,503.12
2013	4,254,491.00	3,899,950.09	91.67%	354,540.91
2012	4,132,017.00	3,443,347.50	83.33%	688,669.50
2011	4,097,149.00	4,097,149.00	100.00%	

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

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*Source: School District records.*

## **DEBT CAPACITY INFORMATION**

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

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

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Fiscal Year Ended <u>June 30.</u>	<u>Governmental Activities</u>		Total <u>School District</u>	Percentage of Personal <u>Income</u> <sup>(3)</sup>	<u>Per Capita</u> <sup>(4)</sup>
	General Obligation <u>Bonds</u> <sup>(1)</sup>	Business-Type <u>Activities</u> <sup>(2)</sup>			
2020	-	-	-	-	-
2019	-	-	-	-	-
2018	-	-	-	-	-
2017	\$ 449,000.00	-	\$ 449,000.00	0.18%	\$ 91.60
2016	881,000.00	-	881,000.00	0.37%	179.83
2015	1,303,000.00	-	1,303,000.00	0.57%	265.48
2014	1,720,000.00	-	1,720,000.00	0.77%	348.96
2013	2,113,000.00	-	2,113,000.00	0.96%	426.35
2012	2,358,000.00	-	2,358,000.00	1.08%	475.12
2011	2,688,000.00	-	2,688,000.00	1.29%	540.30

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*Sources:*

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

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

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

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

*\* information not available.*



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

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Fiscal Year Ended <u>June 30.</u>	<u>General Bonded Debt Outstanding</u>		<u>Net General Bonded Debt Outstanding</u> <sup>(1)</sup>	Percentage of Net Assessed Valuation <u>Taxable</u> <sup>(2)</sup>	<u>Per Capita</u> <sup>(3)</sup>
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
2020	-	-	-	-	-
2019	-	-	-	-	-
2018	-	-	-	-	-
2017	\$ 449,000.00	-	\$ 449,000.00	0.16%	\$ 91.60
2016	881,000.00	-	881,000.00	0.31%	179.83
2015	1,303,000.00	-	1,303,000.00	0.46%	265.48
2014	1,720,000.00	-	1,720,000.00	0.60%	348.96
2013	2,113,000.00	-	2,113,000.00	0.73%	426.35
2012	2,358,000.00	-	2,358,000.00	0.82%	475.12
2011	2,688,000.00	-	2,688,000.00	0.93%	540.30

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*Sources:*

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

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

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

*\* information not available.*

**CLEMENTON SCHOOL DISTRICT**  
Direct and Overlapping Governmental Activities Debt  
June 30, 2020  
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Clementon Borough</u>
Municipal Debt: <sup>(1)</sup>				
Clementon School District	\$ -	\$ -		
Self-Liquidating Purposes	2,628,683.09	2,628,683.09		
Municipal / County General Obligations	3,567,154.50	97,844.89	\$ 3,469,309.61	\$ 3,469,309.61
	<u>6,195,837.59</u>	<u>2,726,527.98</u>	<u>3,469,309.61</u>	<u>3,469,309.61</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: <sup>(2)</sup>				
General:				
Bonds	40,475,000.00	17,734,529.00 <sup>(3)</sup>	22,740,471.00	149,126.49 <sup>(5)</sup>
Notes	35,461,125.00		35,461,125.00	232,545.45
Loan Agreements	340,001,133.00		340,001,133.00	2,229,644.85 <sup>(5)</sup>
Bonds Issued by Other Public Bodies				
Guaranteed by the County	260,305,410.00	260,305,410.00 <sup>(4)</sup>		
	<u>676,242,668.00</u>	<u>278,039,939.00</u>	<u>398,202,729.00</u>	<u>2,611,316.79</u>
	<u>\$ 682,438,505.59</u>	<u>\$ 280,766,466.98</u>	<u>\$ 401,672,038.61</u>	<u>\$ 6,080,626.40</u>

Sources:

<sup>(1)</sup> 2019 Annual Debt Statement - Clementon Borough

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

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

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

<sup>(5)</sup> Such debt is allocated as a proportion of the Borough's share of the total 2019 Equalized Value, which is .66%.  
The source for this computation was the 2019 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Calendar Year 2019:

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

2019	\$ 256,943,149.00
2018	251,930,584.00
2017	<u>250,751,722.00</u>

[A] \$ 759,625,455.00

Average equalized valuation of taxable property [A/3] \$ 253,208,485.00

Debt limit (4% of average equalization value) <sup>(2)</sup>	[B] \$ 10,128,339.40
Total Net Debt Applicable to Limit	[C] <u>-</u>

Legal Debt Margin [B-C] \$ 10,128,339.40

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limit	\$ 10,128,339.40	\$ 10,116,351.79	\$ 10,179,588.88	\$ 9,616,208.71	\$ 9,393,048.25	\$ 8,846,081.72	\$ 9,314,712.49	\$ 9,188,457.77	\$ 8,623,877.00	\$ 8,743,937.00
Total net debt applicable to limit <sup>(3)</sup>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,000.00</u>	<u>881,000.00</u>	<u>1,303,000.00</u>	<u>1,720,000.00</u>	<u>2,113,000.00</u>	<u>2,358,000.00</u>	<u>2,688,000.00</u>
Legal debt margin	<u>\$ 10,128,339.40</u>	<u>\$ 10,116,351.79</u>	<u>\$ 10,179,588.88</u>	<u>\$ 9,167,208.71</u>	<u>\$ 8,512,048.25</u>	<u>\$ 7,543,081.72</u>	<u>\$ 7,594,712.49</u>	<u>\$ 7,075,457.77</u>	<u>\$ 6,265,877.00</u>	<u>\$ 6,055,937.00</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	4.67%	9.38%	14.73%	18.47%	23.00%	27.34%	30.74%

Sources:

<sup>(1)</sup> 2019 Annual Debt Statement - Clementon Borough

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

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

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

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

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<u>Fiscal Year Ended June 30,</u>	<u>Population</u> <sup>(1)</sup>		<u>Personal Income</u> <sup>(2)</sup>	<u>Per Capita Personal Income</u> <sup>(3)</sup>	<u>Unemployment Rate</u> <sup>(4)</sup>
2020	4,957		*	*	*
2019	4,947	\$	267,647,541.00	\$ 54,103.00	4.9%
2018	4,922		255,215,544.00	51,852.00	5.4%
2017	4,902		245,903,928.00	50,164.00	5.7%
2016	4,899		239,517,009.00	48,891.00	6.2%
2015	4,908		230,209,740.00	46,905.00	8.8%
2014	4,929		222,968,244.00	45,236.00	10.3%
2013	4,956		220,997,952.00	44,592.00	9.0%
2012	4,963		217,354,585.00	43,795.00	17.3%
2011	4,975		208,178,875.00	41,845.00	17.1%

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*Sources:*

<sup>(1)</sup> *Population information provided by the NJ Dept. of Labor and Workforce Development*

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

<sup>(3)</sup> *Per Capita personal income by municipality-estimated based upon the 2010/2000 Census published by the US Bureau of Economic Analysis.*

<sup>(4)</sup> *Unemployment data provided by the NJ Dept. of Labor and Workforce Development*

*\* information not available.*

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

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
The Cooper Health System	7,000	1	34.73%	3,100	1	22.46%
Virtua Health System	2,500	2	12.40%	2,600	2	18.84%
Campbell Soup Company	2,300	3	11.41%	1,500	5	10.87%
Our Lady of Lourdes Medical Center	2,000	4	9.92%	2,400	3	17.39%
American Water	2,000	4	9.92%			
TD Bank	1,300	6	6.45%			
Jefferson Health System	1,256	7	6.23%			
Aluminum Shapes	1,000	8	4.96%			
Lockheed Martin	800	9	3.97%			
Kennedy Health System				1,600	4	11.59%
Bancroft NeuroHealth				1,000	6	7.25%
L-3 Communications Systems East				900	7	6.52%
CIGNA				700	8	5.07%
	<u>20,156</u>		<u>100.00%</u>	<u>13,800</u>		<u>100.00%</u>

Source: Individual Employers

## **OPERATING INFORMATION**

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

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

<u>Function / Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>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 Instruction	50	51	53	53	52	49	48	49	49	50
Support Services:										
Student and Instruction Related Services	12	12	11	11	11	15	17	18	18	18
School Administrative Services	3	3	3	3	3	3	3	3	3	3
General and Business Administrative Services	4	4	5	5	6	6	6	5	5	6
Plant Operations and Maintenance	5	5	5	5	4	4	4	4	4	3
Camp Clementon Community Education	5	5	5	5	5	6	6	6	8	12
Total	<u>79</u>	<u>80</u>	<u>82</u>	<u>82</u>	<u>81</u>	<u>83</u>	<u>84</u>	<u>85</u>	<u>87</u>	<u>92</u>

Source: School District records.



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

<u>Fiscal Year Ended June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures *</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (Certified)</u>	<u>Pupil / Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2020	497	\$ 12,973,938.76	\$ 26,104.50	-4.44%	50	1:10	496.5	476.9	2.39%	96.05%
2019	485	13,248,423.33	27,316.34	3.05%	51	1:09	484.9	445.9	8.78%	91.96%
2018	445	11,795,690.09	26,507.17	1.13%	51	1:09	445.8	423.8	-0.01%	95.07%
2017	445	11,663,788.18	26,210.76	5.99%	51	1:09	445.8	423.8	-4.03%	95.07%
2016	465	11,499,405.15	24,729.90	-4.37%	50	1:07	464.5	438.2	7.20%	94.34%
2015	435	11,248,642.35	25,858.95	2.85%	49	1:12	433.3	409.2	-4.12%	94.44%
2014	457	11,490,267.59	25,142.82	2.00%	48	1:04	451.9	441.4	-1.20%	97.68%
2013	468	11,536,191.59	24,649.98	3.03%	49	1:04	457.4	449.9	0.29%	98.36%
2012	469	11,220,871.00	23,925.10	6.49%	49	1:04	456.1	443.1	-6.02%	97.15%
2011	499	11,211,505.00	22,467.95	n/a	52	1:05	485.3	468.9	n/a	96.62%

Sources: School District records.

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

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

	Fiscal Year Ended June 30,									
	<u>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>
School District Building:										
Elementary:										
Clementon Elementary School (1980)										
Square Feet	80,120	79,937	79,937	79,937	79,937	79,937	79,937	79,937	79,937	79,937
Functional Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	485	485	445	445	435	435	457	468	469	499
Other:										
Central Administration (1946)										
Square Feet	850	850	850	850	850	850	850	850	850	850
Functional Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-

Number of Schools at June 30, 2020  
Elementary = 1

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

*Source: School District records.*

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

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		Fiscal Year Ended June 30,									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
* <u>School Facilities</u>	<u>Project # (s)</u>										
Clementon Elementary School	N/A	\$ 38,598.00	\$ 36,438.44	\$ 21,712.42	\$ 27,637.43	\$ 40,700.66	\$ 44,813.06	\$ 61,746.64	\$ 32,044.00	\$ 30,919.00	\$ 28,849.00
Total School Facilities		<u>\$ 38,598.00</u>	<u>\$ 36,438.44</u>	<u>\$ 21,712.42</u>	<u>\$ 27,637.43</u>	<u>\$ 40,700.66</u>	<u>\$ 44,813.06</u>	<u>\$ 61,746.64</u>	<u>\$ 32,044.00</u>	<u>\$ 30,919.00</u>	<u>\$ 28,849.00</u>

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

Source: School District records.

## CLEMENTON SCHOOL DISTRICT

Insurance Schedule

June 30, 2020

Unaudited

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

<sup>(1)</sup> Burlington County Insurance Pool Joint Insurance Fund<sup>(2)</sup> Selective Insurance Company

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Source: School District records.

## **SINGLE AUDIT SECTION**

**Exhibit K-2**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE 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  
Clementon School District  
Clementon, New Jersey 08021

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

We have audited the Clementon School District's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and New Jersey Circular 15-08-OMB and which are described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding No. 2020-004, Finding No. 2020-005, and Finding No. 2020-006. Our opinion on each major federal and state program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

Management of the Clementon School District, in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on 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 Clementon School District's internal control over compliance.

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

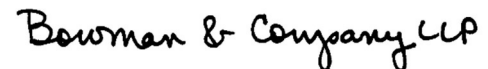
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding No. 2020-005 to be a material weakness.

*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. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding No. 2020-004 and Finding No. 2020-006 to be significant deficiencies.

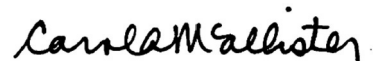
The Clementon School District's response to the internal control over compliance findings identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The Clementon School District's response was not subjected to the auditing procedures applied in the audit of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

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



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

Voorhees, New Jersey  
February 10, 2021



**CLEMENTON 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 From To		Balance June 30, 2019
General Fund:							
U.S. Department of Health and Human Services: Passed-through State Department of Education: Medical Assistance Program (Medicaid) Cluster	93.778	2005NJ5MAP	Unknown	\$ 15,186.75	07/01/19	06/30/20	\$ -
Total Medical Assistance Program (Medicaid) Cluster							-
Total General Fund							-
Special Revenue Fund:							
U.S. Department of Education: Passed-through State Department of Education: E.S.S.A.:							
Title I Grants to Local Educational Agencies (Title I Reallocation)	84.010	S010A180030	ESSA/NCLB088019	14,720.00	02/01/19	09/30/19	(14,535.00)
Title I Grants to Local Educational Agencies (Title I Reallocation)	84.010	S010A190030	ESSA/NCLB088020	9,201.00	07/01/19	06/30/20	
Title I Grants to Local Educational Agencies	84.010	S010A170030	ESSA/NCLB088018	316,464.00	07/01/17	06/30/18	15,815.36
Title I Grants to Local Educational Agencies	84.010	S010A180030	ESSA/NCLB088019	332,346.00	07/01/18	06/30/19	(148,859.00)
Title I Grants to Local Educational Agencies	84.010	S010A190030	ESSA/NCLB088020	292,111.00	07/01/19	06/30/20	
Total Title I Grants to Local Educational Agencies							(147,578.64)
Supporting Effective Instruction State Grants	84.367	S367A170029	ESSA/NCLB088018	34,066.00	07/01/17	06/30/18	25,515.69
Supporting Effective Instruction State Grants	84.367	S367A180029	ESSA/NCLB088019	26,573.00	07/01/18	06/30/19	(11,329.00)
Supporting Effective Instruction State Grants	84.367	S367A190029	ESSA/NCLB088020	28,475.00	07/01/19	06/30/20	
Total Supporting Effective Instruction State Grants							14,186.69
Title IV – Student Support and Academic Enrichment	84.424	S424A180031	ESSA/NCLB088019	19,977.00	07/01/18	06/30/19	(19,977.00)
Total Title IV – Student Support and Academic Enrichment							(19,977.00)
Special Education Cluster (IDEA):							
Special Education Grants to States	84.027	H027A180030	FT088019	120,780.00	07/01/18	06/30/19	(36,234.00)
Special Education Grants to States	84.027	H027A190030	FT088020	131,804.00	07/01/19	06/30/20	
Special Education Preschool Grants	84.173	H173A190030	PS088020	6,449.00	07/01/19	06/30/20	
Total Special Education Cluster (IDEA)							(36,234.00)
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	S425D200027	Unknown	217,822.00	03/13/20	09/30/22	
Total Special Revenue Fund							(189,602.95)
Enterprise Fund:							
U.S. Department of Agriculture: Passed-through State Department of Agriculture: Child Nutrition Cluster:							
National School Lunch Program - Commodities (Noncash)	10.555	191NJ304N1099	Unknown	11,036.45	07/01/18	06/30/19	4,265.04
National School Lunch Program - Commodities (Noncash)	10.555	201NJ304N1099	Unknown	20,001.05	07/01/19	06/30/20	
National School Lunch Program (NSLP)	10.555	191NJ304N1099	19-100-026-3350-010	152,467.87	07/01/18	06/30/19	(25,557.51)
National School Lunch Program (NSLP)	10.555	201NJ304N1099	20-100-028-3350-010	128,729.87	07/01/19	06/30/20	
COVID-19 National School Lunch Program	10.555	201NJ304N1099	20-100-028-3350-010	17,895.50	05/01/20	06/30/20	
School Breakfast Program (SBP)	10.553	191NJ304N1099	19-100-028-3350-010	28,291.34	07/01/18	06/30/19	(5,372.87)
School Breakfast Program (SBP)	10.553	201NJ304N1099	20-100-028-3350-010	28,018.50	07/01/19	06/30/20	
COVID-19 School Breakfast Program (SBP)	10.553	201NJ304N1099	20-100-028-3350-010	11,248.60	05/01/20	06/30/20	
Total Child Nutrition Cluster							(26,665.34)
Total Enterprise Fund							(26,665.34)
Total Federal Financial Assistance							\$ (216,268.29)

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

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Repayment of Prior Years' Balances	Balance June 30, 2020		
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures			(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ -	\$ 15,186.75	\$ (15,186.75)	\$ -	\$ (15,186.75)	\$ -	\$ -	\$ -	\$ -	\$ -
-	15,186.75	(15,186.75)	-	(15,186.75)	-	-	-	-	-
-	15,186.75	(15,186.75)	-	(15,186.75)	-	-	-	-	-
	14,535.00								
	8,375.00	(9,201.00)		(9,201.00)		(15,815.36)	(826.00)		
	148,859.00								
	132,058.00	(287,165.29)		(287,165.29)			(155,107.29)		
-	303,827.00	(296,366.29)	-	(296,366.29)	-	(15,815.36)	(155,933.29)	-	-
						(25,515.69)			
	11,329.00								
	25,815.00	(25,815.00)		(25,815.00)			-		
-	37,144.00	(25,815.00)	-	(25,815.00)	-	(25,515.69)	-	-	-
	19,977.00								
-	19,977.00	-	-	-	-	-	-	-	-
	36,234.00								
	83,708.00	(131,804.00)		(131,804.00)			(48,096.00)		
		(6,449.00)		(6,449.00)			(6,449.00)		
-	119,942.00	(138,253.00)	-	(138,253.00)	-	-	(54,545.00)	-	-
		(79,500.00)		(79,500.00)			(79,500.00)		
-	480,890.00	(539,934.29)	-	(539,934.29)	-	(41,331.05)	(289,978.29)	-	-
		(4,265.04)		(4,265.04)					
	20,001.05	(20,001.05)		(20,001.05)					
	25,557.51								
	128,729.87	(128,729.87)		(128,729.87)					
	9,415.00	(17,895.50)		(17,895.50)			(8,480.50)		
	5,372.87								
	28,018.50	(28,018.50)		(28,018.50)					
	5,918.00	(11,248.60)		(11,248.60)			(5,330.60)		
-	223,012.80	(210,158.56)	-	(210,158.56)	-	-	(13,811.10)	-	-
-	223,012.80	(210,158.56)	-	(210,158.56)	-	-	(13,811.10)	-	-
\$ -	\$ 719,089.55	\$ (765,279.60)	\$ -	\$ (765,279.60)	\$ -	\$ (41,331.05)	\$ (303,789.39)	\$ -	\$ -

**CLEMENTON SCHOOL DISTRICT**  
Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2020

							Balance June 30, 2019	
State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Unearned Revenue / (Accounts Receivable)	Due to Grantor		
			From	To				
General Fund:								
New Jersey Department of Education:								
Current Expense:								
State Aid - Public Cluster:								
Equalization Aid	495-034-5120-078	\$ 5,793,075.00	07/01/18	06/30/19	\$ (566,643.07)			
Equalization Aid	495-034-5120-078	6,049,406.00	07/01/19	06/30/20				
Categorical Special Education Aid	495-034-5120-089	371,383.00	07/01/18	06/30/19	(36,326.41)			
Categorical Special Education Aid	495-034-5120-089	371,383.00	07/01/19	06/30/20				
Categorical Security Aid	495-034-5120-084	135,485.00	07/01/18	06/30/19	(13,252.31)			
Categorical Security Aid	495-034-5120-084	135,485.00	07/01/19	06/30/20				
Total State Aid - Public Cluster					(616,221.79)	\$ -		
Transportation Aid:								
Categorical Transportation Aid	495-034-5120-014	78,718.00	07/01/18	06/30/19	(7,699.71)			
Categorical Transportation Aid	495-034-5120-014	78,718.00	07/01/19	06/30/20				
Additional Nonpublic School Transportation Aid	495-034-5120-014	8,136.00	07/01/18	06/30/19	(8,136.00)			
Additional Nonpublic School Transportation Aid	495-034-5120-014	1,736.00	07/01/19	06/30/20				
Total Transportation Aid					(15,835.71)	-		
Extraordinary Aid								
Extraordinary Aid	495-034-5120-044	151,570.00	07/01/18	06/30/19	(151,570.00)			
Extraordinary Aid	495-034-5120-044	110,344.00	07/01/19	06/30/20				
Total Extraordinary Aid					(151,570.00)	-		
Payments for Institutionalized Children								
	495-034-5120-005	47,728.00	07/01/18	06/30/19	(47,728.00)			
Total Payments for Institutionalized Children					(47,728.00)	-		
Reimbursed TPAF Social Security Contributions								
	495-034-5094-003	258,731.72	07/01/19	06/30/20				
Total Reimbursed TPAF Social Security Contributions					-	-		
New Jersey Department of the Treasury:								
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement								
Medical (non-budgeted)	495-034-5094-001	263,876.00	07/01/19	06/30/20				
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	495-034-5094-002	698,766.00	07/01/19	06/30/20				
On-Behalf T.P.A.F. Non-contributory Insurance	495-034-5094-004	12,525.00	07/01/19	06/30/20				
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	495-034-5094-004	915.00	07/01/19	06/30/20				
Total On-Behalf TPAF Pension Contributions (non-budgeted)					-	-		
Total General Fund					(831,355.50)	-		
Special Revenue Fund:								
New Jersey Department of Education:								
Preschool Education Aid	495-034-5120-086	70,366.92	07/01/18	06/30/19	(6,212.50)			
Preschool Education Aid	495-034-5120-086	72,032.00	07/01/19	06/30/20				
Total Preschool Education Aid					(6,212.50)	-		
Total Special Revenue Fund					(6,212.50)	-		
Enterprise Fund:								
New Jersey Department of Agriculture:								
State School Lunch Program	100-010-3350-023	2,855.07	07/01/18	06/30/19	(480.17)			
State School Lunch Program	100-010-3350-023	2,505.11	07/01/19	06/30/20				
State School Lunch Program					(480.17)	-		
Total Enterprise Fund					(480.17)	-		
Total State Financial Assistance					\$ (838,048.17)	\$ -		
Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:								
General Fund (Non-Cash Assistance):								
New Jersey Department of Education:								
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement								
Medical (non-budgeted)	495-034-5094-001		07/01/19	06/30/20				
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	495-034-5094-002		07/01/19	06/30/20				
On-Behalf T.P.A.F. Non-contributory Insurance	495-034-5094-004		07/01/19	06/30/20				
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	495-034-5094-004		07/01/19	06/30/20				
Total General Fund (Non-Cash Assistance)								
Total State Financial Assistance subject to Major Program Determination for State Single Audit								

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

Cash Received	Total Budgetary Expenditures	Passed- Through to Subrecipients	Repayment of Prior Years' Balances	Balance June 30, 2020			(Memo Only)	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2020	Cumulative Total Expenditures
\$ 566,643.07								
5,461,947.34	\$ (6,049,406.00)			\$ (587,458.66)			\$ (587,458.66)	\$ (6,049,406.00)
36,326.41								
335,317.95	(371,383.00)			(36,065.05)			(36,065.05)	(371,383.00)
13,252.31								
122,328.03	(135,485.00)			(13,156.97)			(13,156.97)	(135,485.00)
6,535,815.11	(6,556,274.00)	\$ -	\$ -	(636,680.68)	\$ -	\$ -	(636,680.68)	(6,556,274.00)
7,699.71								
71,073.68	(78,718.00)			(7,644.32)			(7,644.32)	(78,718.00)
8,136.00								
	(1,736.00)			(1,736.00)				(1,736.00)
86,909.39	(80,454.00)	-	-	(9,380.32)	-	-	(7,644.32)	(80,454.00)
151,570.00								
	(110,344.00)			(110,344.00)				(110,344.00)
151,570.00	(110,344.00)	-	-	(110,344.00)	-	-	-	(110,344.00)
47,728.00								
47,728.00	-	-	-	-	-	-	-	
246,099.76	(258,731.72)			(12,631.96)				(258,731.72)
246,099.76	(258,731.72)	-	-	(12,631.96)	-	-	-	(258,731.72)
263,876.00	(263,876.00)							(263,876.00)
698,766.00	(698,766.00)							(698,766.00)
12,525.00	(12,525.00)							(12,525.00)
915.00	(915.00)							(915.00)
976,082.00	(976,082.00)	-	-	-	-	-	-	(976,082.00)
8,044,204.26	(7,981,885.72)	-	-	(769,036.96)	-	-	(644,325.00)	(7,981,885.72)
6,212.50								
64,836.00	(67,456.64)			(2,620.64)			(2,620.64)	(67,456.64)
71,048.50	(67,456.64)	-	-	(2,620.64)	-	-	(2,620.64)	(67,456.64)
71,048.50	(67,456.64)	-	-	(2,620.64)	-	-	(2,620.64)	(67,456.64)
480.17								(2,487.05)
2,371.87	(2,505.14)			(133.27)				(2,505.14)
2,852.04	(2,505.14)	-	-	(133.27)	-	-	-	(4,992.19)
2,852.04	(2,505.14)	-	-	(133.27)	-	-	-	(4,992.19)
\$ 8,118,104.80	(8,051,847.50)	\$ -	\$ -	\$ (771,790.87)	\$ -	\$ -	\$ (646,945.64)	\$ (8,054,334.55)
	263,876.00							
	698,766.00							
	12,525.00							
	915.00							
	976,082.00							
	\$ (7,075,765.50)							

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

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

The accompanying schedules are presented using the budgetary basis of accounting, with the following exception: 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.

**Notes to the Schedules of Expenditures of Federal Awards  
and State Financial Assistance (Cont'd)**

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$20,403.50 for the general fund, \$149,476.61 for the special revenue fund and \$4,265.04 for the proprietary fund (enterprise – food service fund). See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 15,186.75	\$ 7,961,482.22	\$ 7,976,668.97
Special Revenue	386,865.82	71,048.50	457,914.32
Food Service	205,893.52	2,505.14	208,398.66
GAAP Basis Revenues	607,946.09	8,035,035.86	8,642,981.95
GAAP Adjustments:			
State Aid Payments		21,387.00	21,387.00
Encumbrances	153,068.47		153,068.47
Preschool Education Aid Carryover		(4,575.36)	(4,575.36)
National School Lunch Program - Commodities Inventory	4,265.04		4,265.04
	157,333.51	16,811.64	174,145.15
Total Awards and Financial Assistance Expended	<u>\$ 765,279.60</u>	<u>\$ 8,051,847.50</u>	<u>\$ 8,817,127.10</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*.

## Section 1- Summary of Auditor's Results

Qualified

X      yes                  no

yes X none reported

X      yes                  no

yes    X    no

X    yes            none reported

Unmodified

X    yes            no

Special Education Cluster (IDEA)

\$ 750,000.00

yes    X    no

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

Internal control over major programs:

Material weakness(es) identified?	X	yes	no
-----------------------------------	---	-----	----

Significant deficiency(ies) identified?	X	yes	none reported
---	---	-----	---------------

Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB?	X	yes	no
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Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

495-034-5120-078

**State Aid - Public Cluster:**  
Equalization Aid

495-034-5120-089

Special Education Categorical Aid

495-034-5120-084

Security Aid

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? yes ☒ no ☐



**CLEMENTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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***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.

**Finding No. 2020-001**

**Criteria or Specific Requirement**

A Food Service Fund's Net Cash Resources should not exceed its three months average expenditures.

**Condition**

The School District's Food Service Fund Net Cash Resources exceeded its three months average expenditures by \$8,218.46.

**Context**

Per the calculation of the Food Service Fund's Net Cash Resources, Net Cash Resources at June 30, 2020 were \$76,598.48 and its three months average expenditures were \$68,380.02, resulting in an overage of \$8,218.46.

**Effect or Potential Effect**

Noncompliance with the requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

**Cause**

The School District did not monitor the finances of its Food Service Fund to ensure its Net Cash Resources at the end of the fiscal year did not exceed the Fund's three months average expenditures.

**Recommendation**

That the School District develop a plan to reduce the Food Service Fund's Net Cash Resources below its three month average expenditures.

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

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

**CLEMENTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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***Section 2- Schedule of Financial Statement Findings (Cont'd)***

**Finding No. 2020-002**

**Criteria or Specific Requirement**

As a function of effective internal controls, supporting documentation should be obtained and maintained for the receipts and disbursements in the Camp Clementon Community Education Fund.

**Condition**

Supporting documentation was not available to substantiate revenue collected for the Camp Clementon Community Education Fund. Additionally, numerous purchase orders and supporting documentation for expenditures from the Fund were missing and there were errors noted on the bank reconciliation.

**Context**

Monthly attendance sheets for January 2020-March 2020 were not provided. Four (4) out of 10 purchase orders and supporting documentation could not be located. Several errors were noted on the fiscal year 2020 bank reconciliation that were corrected for the audit.

**Effect or Potential Effect**

Without sufficient appropriate audit evidence the preparation of accurate and reliable financial statements and related disclosures may not be achieved.

**Cause**

Client records were not available for audit.

**Recommendation**

That the School District maintain supporting documentation for the receipts and disbursements in the Camp Clementon Community Education Fund.

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

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

**CLEMENTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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***Section 2- Schedule of Financial Statement Findings (Cont'd)***

**Finding No. 2020-003**

**Criteria or Specific Requirement**

The School District should submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**Condition**

The School District did not submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**Context**

The School District complied with the requirements of N.J.A.C. 6A:26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities, but did not file the Statement of Assurance.

**Effect or Potential Effect**

Not in compliance with N.J.A.C. 6A:26-12.4(g).

**Cause**

Client oversight.

**Recommendation**

That the School District submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

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

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

**CLEMENTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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***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).

**Finding No. 2020-004**

**Information on the Federal Program**

U.S. Department of Education, passed through N.J. State Department of Education, E.S.S.A. – Title I Grants to Local Educational Agencies; CFDA No. 84.010; FAIN S010A190030; 7/1/2019 – 6/30/2020

**Criteria or Specific Requirement**

In accordance with the grant agreement and reporting requirements, a Final Expenditure Report is required to be filed annually by the date set by the State of New Jersey Department of Education.

**Condition**

The Title I Final Expenditure Report was submitted on EWEG on November 2, 2020, 33 days after the due date of September 30, 2020.

**Questioned Costs**

Not applicable.

**Context**

During our verification of reporting requirements for Title I it was noted that the Final Expenditure Report was not filed until after the September 30, 2020 deadline. The sample was not statistically valid.

**Effect or Potential Effect**

Noncompliance with reporting requirements set by the grantor.

**Cause**

Client oversight.

**Identification as a Repeat Finding**

Not applicable.

**Recommendation**

That the School District file the Title I Final Expenditure Report on a timely basis.

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

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

**CLEMENTON SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2020

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***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.

**Finding No. 2020-005**

**Information on the State Program**

New Jersey Department of Education, State Aid Public – Cluster, 7/1/2019 – 6/30/2020

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

**Criteria or Specific Requirement**

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

**Condition**

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

**Questioned Costs**

None.

**Context**

Our test of on-roll students disclosed the following:

1. The A.S.S.A. report did not agree to the attendance register for one enrollment grade by a net total of one student.

Our test of private schools students disclosed the following:

1. In one instance, a student was reported as attending private school; however, the supporting workpaper indicated the student did not enter the district until after the A.S.S.A. report date. Therefore, the A.S.S.A. private school elementary special education count was overstated by one.
2. One paid tuition voucher could not be located for the month of October. As result, 1 out of 13 students could not be verified as attending their listed private school as of the A.S.S.A. report date.

Our test of low-income students disclosed the following:

1. The A.S.S.A. report did not agree to the School District's supporting list of low income students for three enrollment grades by a net total of one student.
2. Lunch applications could not be located for prior year carryover students. As result, 15 out of 193 lunch applications could not be tested.
3. A lunch application could not be located for current year. As result, 1 out of 193 lunch applications could not be tested.
4. During testing auditor noted 2 lunch applications on file for low income students who were reported as "Paid" in NJ Smart.

**CLEMENTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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

**Finding No. 2020-005 (Cont'd)**

**Context (Cont'd)**

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

1. In one instances, the School District could not locate the carryover student's prior year lunch application; therefore, auditor was unable to determine whether the LEP student's low income status was classified correctly.

Our test of D.R.T.R.S. disclosed the following:

1. Five students reported do not meet the mileage requirement and their IEP did not require transportation, therefore, they should be removed.
2. Eleven students were incorrectly reported in line A-2 - Regular Public School Students. Eight of the eleven were classified as special education students; therefore, their IEPs should be reviewed and the students should either be moved to an appropriate line or removed. One of the eleven students was determined to be a resident of Pine Hill; therefore, the student should be removed. Two of the eleven students could not be supported by a corresponding register; therefore, the students should be removed.
3. Two students reported Vocational Public were not supported by registers provided; therefore, students should be removed.

The sample was not statistically valid.

**Effect or Potential Effect**

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

**Cause**

Client Oversight.

**Identification as a Repeat Finding**

Prior Year Finding No. 2019-003.

**Recommendation**

That the School District maintain all A.S.S.A. and D.R.T.R.S. workpapers and supporting documentation; that the District's establish adequate written procedures for the recording and reporting of student enrollment and transportation data.

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

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

**CLEMENTON SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2020

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

**Finding No. 2020-006**

**Information on the State Program**

New Jersey Department of Education, State Aid Public – Cluster, 7/1/2019 – 6/30/2020

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

**Criteria or Specific Requirement**

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

**Condition**

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

**Questioned Costs**

None.

**Context**

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

- A. 3 transfers from an advertised general fund appropriation account, on a cumulative basis, exceeded 10 percent of the amount of the account. Approval from the Executive County Superintendent was not requested.
- B. The School District transferred to capital outlay appropriation accounts excluding equipment during the year. Approval from the Executive County Superintendent was not requested.

The sample was not statistically valid.

**Effect or Potential Effect**

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

**Cause**

Oversight.

**Identification as a Repeat Finding**

Prior Year Finding No. 2019-004.

**Recommendation**

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

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

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

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

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

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2019-001**

**Condition**

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

**Current Status**

This finding has been resolved.

**FEDERAL AWARDS**

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

**STATE FINANCIAL ASSISTANCE PROGRAMS**

**Finding No. 2019-002**

**Program**

New Jersey Department of Education, State Aid Public – Cluster, 7/1/2018 – 6/30/2019	
Equalization Aid	G.M.I.S. No. 495-034-5120-078
Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
Security Aid	G.M.I.S. No. 495-034-5120-084

**Condition**

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

**Current Status**

This finding has been resolved.



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

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**STATE FINANCIAL ASSISTANCE PROGRAMS (CONT'D)****Finding No. 2019-003****Program**

New Jersey Department of Education, State Aid Public – Cluster, 7/1/2018 – 6/30/2019

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

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

**Current Status**

This finding has not been resolved. See audit finding no. 2020-005.

**Planned Corrective Action**

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

**Finding No. 2019-004****Program**

New Jersey Department of Education, State Aid Public – Cluster, 7/1/2018 – 6/30/2019

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

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

**Current Status**

This finding has not been resolved. See audit finding no. 2020-006.

**Planned Corrective Action**

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

