

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



**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

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## **INTRODUCTORY SECTION**

*Nikolaos C. Koutsogiannis*  
*Superintendent of Schools*



*Frances C. Adler*  
*Business Administrator*

**March 7, 2022**

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

Dear Board Members:

We are submitting the Annual Comprehensive Financial Report of the Clayton Public School District for the fiscal year ended June 30, 2021. The management of the Board of Education is responsible for the accuracy of the data as well as the completeness and fairness of the presentation including all disclosures. To the best of our knowledge, the data presented in this report is accurate and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All necessary disclosures have been included to enable the reader to gain an understanding of the District's financial activities.

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

**REPORTING ENTITY AND ITS SERVICES:**

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

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

**STUDENT ENROLLMENT:**

<b>FISCAL YEAR</b>	<b>STUDENT ENROLLMENT</b>	<b>% CHANGE</b>
2020-2021	1471	+1.56%
2019-2020	1448	+ .82%
2018-2019	1436	-0.5%
2017-2018	1443	-0.28%
2016-2017	1447	-0.07%
2015-2016	1448	+0.07%
2014-2015	1447	+3.44%
2013-2014	1399	+1.08%
2012-2013	1384	+1.02%
2011-2012	1370	-0.22%
2010-2011	1373	-0.07%

**ECONOMIC CONDITION AND OUTLOOK:**

No new bond referendums were passed. A recent demographic study shows that enrollment is expected to stay steady. Due to the pandemic, all students received lunch without charge. We continue to pursue federal, state, and other grant sources to enhance programs and provide resources.

**DISTRICT GOALS:**

The following district-level goals were developed for the 2020-2021 school year:

**Goal 1:** Establish the Clayton Equity Committee consisting of a diverse group of stakeholders who will organize three to four equity events by the end of the 2020-2021 school year (Strategic Goals 4 and 5)

**Goal 2:** Provide increased professional development for staff to support the implementation of remote learning by the end of the 2020-2021 school year (Strategic Goals 1 and 3)

**Goal 3:** Implement interventions and instructional supports to close the learning gap which resulted from the Spring COVID-19 closing of schools (Strategic Goal 1)

**PROGRESS TOWARD GOALS AND OBJECTIVES:**

**Goal 1:** Establish the Clayton Equity Committee consisting of a diverse group of stakeholders who will organize three to four equity events by the end of the 2020-2021 school year (Strategic Goals 4 and 5)

- Equity Committee was established in September 2020
- Held four equity events as of April:



- October- Equity Launch Meeting
- December- A Year in Review
- February-Clayton Celebrates Black History
- March- Clayton Celebrates Women's History

**Goal 2:** Provide increased professional development for staff to support the implementation of remote learning by the end of the 2020-2021 school year (Strategic Goals 1 and 3)

- Added two additional full days of PD that was focused on implementing effective remote instruction.
- Additional professional days focused on remote learning (November)
- Creating shared teacher Google Document where staff can share best practices for instruction.
- Offered several out of district PD opportunities.
- Held six after school mandatory PD meetings that offered technology training.

**Goal 3:** Implement interventions and instructional supports to close the learning gap which resulted from the Spring COVID-19 closing of schools (Strategic Goal 1)

- Created district wide Intervention and SEL teams to organize and standardized district intervention practices.
- Awarded \$156,000 intervention grant by the state of NJ to fund our summer intervention program.
- Tested all students with Link-It as the primary tool for benchmark testing.

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

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

**DEBT ADMINISTRATION:**

At June 30, 2021 the District's outstanding debt issues amount to \$14,965,000.

**CASH MANAGEMENT:**

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

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

**RISK MANAGEMENT:**

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

addition to meet the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Uniform Guidance and State of New Jersey Circular 15-08 OMB, as revised. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

**AWARDS:**

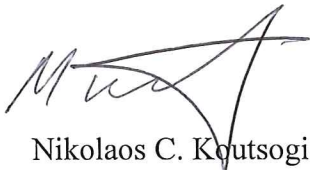
1. Teachers of the Year:      Elementary School Teacher –Flavia Masino  
   Middle School Teacher-Mary Barron  
   High School Teacher – Susan Davenport
  
2. New Grant Awards:        NJ Summer Program Intervention Grant-\$156,000  
   Clayton Model Grant-\$166,000

**ACKNOWLEDGEMENTS:**

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

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

Respectfully submitted,

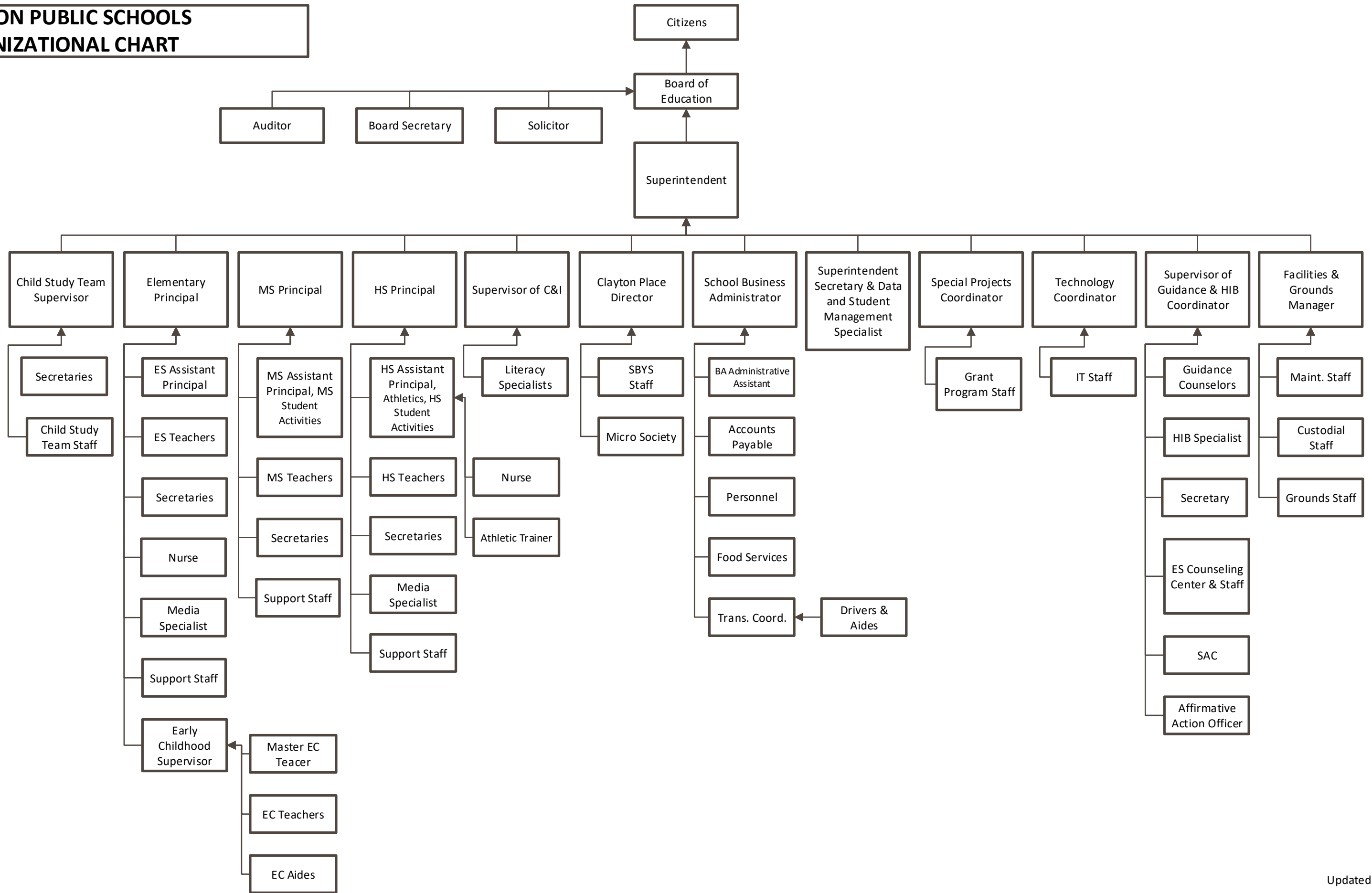


Nikolaos C. Koutsogiannis  
Superintendent of Schools



Frances C. Adler  
School Business Administrator/Board Secretary

# CLAYTON PUBLIC SCHOOLS ORGANIZATIONAL CHART



**CLAYTON BOARD OF EDUCATION**

**CLAYTON, NEW JERSEY**

**ROSTER OF OFFICIALS**

As of June 30, 2021

Members of The Board of Education	Term Expires
Paul Connell, President	2021
Robin Roche, Vice President	2021
Steven Awalt	2021
Megan Colon	2023
Anthony Grafton	2022
Niamah King	2022
Jeremiah Long	2023
Nicole Shaw	2021
April Ward	2022

Nikolaos Koutsogiannis, Superintendent of Schools

Frances Adler, School Business Administrator/Board Secretary

Debbie Swietanski, Treasurer of School Funds

CLAYTON BOARD OF EDUCATION  
CLAYTON, NEW JERSEY

**CONSULTANTS AND ADVISORS**

Architect

Garrison Architects  
713 Creek Road  
Bellmawr, NJ 08031

Audit Firm

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

Attorney

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

Official Depositories

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

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

Special Counsel

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

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Clayton School District in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of June 30, 2021, 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.

## **Emphasis of Matter**

### *Adoption of New Accounting Principle*

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2021, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### *Consistency of Financial Statements*

Because of the implementation of GASB Statement No. 84, several funds of the School District that were reported as fiduciary fund types in the prior fiscal year are now reported in governmental activities and governmental fund types. Our opinion is not modified with respect to this matter.

### *Prior Period Restatement*

In addition, because of the implementation of GASB Statement No. 84, net position and fund balance as of July 1, 2020 on the statement of activities and statement of revenues, expenditures, and changes in fund balances have been restated, as discussed in note 20 to the financial statements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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



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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022 on our consideration of the Borough of Clayton School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Clayton School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Clayton School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman + Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Glen J. Walton*

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

Voorhees, New Jersey  
March 7, 2022

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund of the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2021, 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 March 7, 2022. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting principle, and additional paragraphs on the consistency of financial statements and prior period restatement resulting from the new accounting principle.

**Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Clayton School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance 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 Finding No. 2021-001*.

### The Borough of Clayton School District's Response to Findings

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

### Purpose of this Report

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

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Glen J. Walton*

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

Voorhees, New Jersey  
March 7, 2022

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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The management's discussion and analysis of the Borough of Clayton School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021 and 2020. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

**FINANCIAL HIGHLIGHTS**

Financial Highlights for fiscal year 2021:

- The assets of the Borough of Clayton School District exceeded its liabilities at the close of the most recent fiscal year by \$11,037,293 (net position).
- The School District's total net position increased by \$2,556,690. This increase is primarily attributable to the Borough of Clayton School District's decrease in long-term liabilities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$2,348,353, an increase of \$2,026,995.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$58,647, which is a decrease of \$458,124 in comparison with the prior year.
- The Borough of Clayton School District's total debt decreased by \$795,556, as a result of payment of general obligation bonds.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-Wide Statements**

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited) (Cont'd)

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

**Government-Wide Statements (Cont'd)**

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

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

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

**Fund Financial Statements**

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

The School District has two kinds of funds:

- *Governmental funds* – The School District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food services or performing arts centers.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited) (Cont'd)

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

Table 1 provides a summary of the School District's net position for fiscal years 2021 and 2020.

**TABLE 1**  
Net Position

	June 30, 2021	June 30, 2020	Change	% Change
<b>Assets:</b>				
Current and Other Assets	\$ 3,409,381	\$ 1,161,663	\$ 2,247,718	193.49%
Capital Assets	30,489,962	31,096,158	(606,196)	-1.95%
<b>Total Assets</b>	<b>33,899,343</b>	<b>32,257,821</b>	<b>1,641,522</b>	<b>5.09%</b>
<b>Deferred Outflows of Resources:</b>				
Loss on Refunding of Debt	270,337	300,375	(30,038)	100.00%
Related to Pensions	928,518	926,762	1,756	0.19%
<b>Total Deferred Outflows of Resources</b>	<b>1,198,855</b>	<b>1,227,137</b>	<b>(28,282)</b>	<b>-2.30%</b>
<b>Liabilities:</b>				
Long-Term Liabilities	20,068,312	20,768,925	(700,613)	-3.37%
Other Liabilities	2,147,439	2,361,137	(213,698)	-9.05%
<b>Total Liabilities</b>	<b>22,215,751</b>	<b>23,130,062</b>	<b>(914,311)</b>	<b>-3.95%</b>
Deferred Inflow of Resources - Related to Pensions	1,845,154	1,874,293	(29,139)	-1.55%
<b>Net Position:</b>				
Net Investment in Capital Assets	14,058,056	14,212,239	(154,183)	-1.08%
Restricted	1,849,452	571,055	1,278,397	223.87%
Unrestricted (Deficit)	(4,870,215)	(6,302,691)	1,432,476	-22.73%
<b>Total Net Position</b>	<b>\$ 11,037,293</b>	<b>\$ 8,480,603</b>	<b>\$ 2,556,690</b>	<b>30.15%</b>

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

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

	June 30, 2021	June 30, 2020	Change	% Change
Deferred Outflows Related to Pensions	\$ 928,518	\$ 926,762	\$ 1,756	0.19%
Less: Net Pension Liability	(3,957,078)	(4,181,721)	224,643	-5.37%
Less: Deferred Inflows Related to Pensions	(1,845,154)	(1,874,293)	29,139	-1.55%
	<b>\$ (4,873,714)</b>	<b>\$ (5,129,252)</b>	<b>\$ 255,538</b>	<b>-4.98%</b>

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited) (Cont'd)

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

Table 3 reflects changes in net position for fiscal years 2021 and 2020.

**TABLE 3**  
Change in Net Position

<b>Revenues:</b>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 497,222	\$ 374,415	\$ 122,807	32.80%
Operating Grants and Contributions	6,628,788	4,178,104	2,450,684	58.66%
General Revenues:				
Property Taxes	10,204,678	9,942,264	262,414	2.64%
Grants and Contributions	16,594,388	15,158,736	1,435,652	9.47%
Other	360,203	391,592	(31,389)	-8.02%
<b>Total Revenues</b>	<u>34,285,279</u>	<u>30,045,111</u>	<u>4,240,168</u>	<u>14.11%</u>
<b>Expenses:</b>				
Instruction:				
Regular	8,272,196	8,678,026	(405,830)	-4.68%
Special Education	1,568,555	1,412,025	156,530	11.09%
Other Special Instruction	843,246	845,873	(2,627)	-0.31%
Student Services:				
Tuition	1,935,742	2,052,894	(117,152)	-5.71%
Student and Instruction Related	3,913,802	3,463,652	450,150	13.00%
General Administrative Services	484,989	475,209	9,780	2.06%
School Administrative Services	1,082,243	1,084,855	(2,612)	-0.24%
Central Services	340,313	341,730	(1,417)	-0.41%
Administrative Information Technology	161,357	163,941	(2,584)	-1.58%
Plant Operations and Maintenance	1,342,504	1,534,057	(191,553)	-12.49%
Pupil Transportation	738,883	1,145,385	(406,502)	-35.49%
Unallocated Benefits	10,338,013	7,969,099	2,368,914	29.73%
Interest on Long-Term Debt	453,394	830,170	(376,776)	-45.39%
Food Service	496,409	622,792	(126,383)	-20.29%
Performing Arts Center	22,380		22,380	100.00%
<b>Total Expenses</b>	<u>31,994,026</u>	<u>30,619,708</u>	<u>1,374,318</u>	<u>4.49%</u>
<b>Increase (Decrease) in Net Position</b>	<u>2,291,253</u>	<u>(574,597)</u>	<u>2,865,850</u>	<u>-498.76%</u>
Beginning Net Position, as Previously Reported	8,480,603	9,055,200	(574,597)	-6.35%
Prior Period Adjustment	265,437		265,437	100.00%
Beginning Net Position, as Restated	<u>8,746,040</u>	<u>9,055,200</u>	<u>(309,160)</u>	<u>93.65%</u>
<b>Ending Net Position</b>	<u>\$ 11,037,293</u>	<u>\$ 8,480,603</u>	<u>\$ 2,556,690</u>	<u>30.15%</u>



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited) (Cont'd)

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

**Governmental Activities**

In 2020-2021, Governmental Activities Revenues were \$33,395,725 or 97.41% of total revenues.

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

The \$3,930,482 increase in Governmental Activities Revenues from 2019-2020 to 2020-2021 was mainly related to GASB 75.

In 2020-2021, General Revenues - Property Taxes of \$10,204,678 made up 30.56%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$16,594,388 made up 49.69% of Governmental Activities Revenues.

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

In 2020-2021, the School District's Governmental Activities expenditures increased by \$1,478,321 or 4.93% from 2019-2020.

**Business-Type Activities**

In 2020-2021 Business-Type Activities Revenues were \$889,554 or 2.59% of total revenues. In 2019-2020 Business-Type Activities Revenues were \$579,868 or 1.93% of total revenues.

Charges for Services for Business-Type Activities were \$74,197 in 2020-2021 compared to \$173,364 in 2019-2020, a 57.20% decrease.

Operating Grants and Contributions for Business-Type Activities were \$815,243 in 2020-2021 compared to \$406,001 in 2019-2020, a 100.80% increase.

Expenses for Business-Type Activities were \$518,789 in 2020-2021 compared to \$622,792 in 2019-2020, a 16.70% decrease.

**General Fund Budgeting Highlights**

The final budgetary basis revenue estimate was \$21,607,878, which was less than the original budget.

The 2020-2021 General Fund Tax Levy was \$9,036,488, an increase of \$256,018 or 2.92% from the 2019-2020 General Fund Tax Levy of \$8,780,470.

During fiscal year 2021, the School District budgeted \$9,036,488 for property taxes (local tax levy) and \$12,085,272 for state aid revenues.

The School District also received \$731,144 and \$3,368,305 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance, Long-Term Disability Insurance and Pension Contributions, respectively. The Borough of Clayton School District's expenditures also include the reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance, Long-Term Disability Insurance and Pension Contributions of \$731,144 and \$3,368,305 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

The final budgetary basis expenditure appropriation estimate was \$22,425,172, which was less than the original budget.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2021  
 (Unaudited) (Cont'd)

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

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

**Governmental Funds** - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$2,348,353, an increase of \$2,026,995 in comparison with the prior year.

Of the combined ending fund balances of \$2,348,353, \$58,647 constitutes unassigned fund balance deficits. The remainder of fund balance of \$2,407,000 is restricted or assigned for various purposes.

**Proprietary Fund** - As of the end of the current fiscal year, the School District's proprietary fund had \$494,929 in unrestricted net position.

**CAPITAL ASSETS**

The Borough of Clayton School District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$30,489,962 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings and improvements, and equipment. There was a net decrease in the Borough of Clayton School District's investment in capital assets for the current fiscal year of 1.95%. The net decrease was the result of the net effect of the 2021 asset additions, depreciation expense, and write-offs for the year. Table 4 reflects the capital assets.

**TABLE 4**  
 Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Land	\$ 510,670	\$ 510,670
Site Improvements	796,657	872,594
Building and Improvements	27,729,399	28,772,844
Equipment	<u>1,453,236</u>	<u>940,050</u>
 Total Capital Assets	 <u>\$ 30,489,962</u>	 <u>\$ 31,096,158</u>

Depreciation expense was \$1,353,264 for fiscal year ended 2021 and \$1,332,348 for fiscal year ended 2020.

**DEBT ADMINISTRATION**

**Long-term Debt** - At the end of the current fiscal year, the Borough of Clayton School District had total bonded debt outstanding of \$15,219,444. The entire Borough of Clayton School District's bonded debt is governmental as opposed to business-type. The School Bond – Series 2010 was refunded and the remaining balance matured on September 1, 2020, the School Bond – Series 2015 will mature on March 1, 2040, and the Refunding Bonds of 2020 will mature on September 1, 2034.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited) (Cont'd)

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**FACTORS ON THE DISTRICT'S FUTURE**

For the 2020-2021 school year, the Borough of Clayton School District was able to sustain its budget through the borough tax levy, federal aid, state aid and miscellaneous revenue sources. Approximately 27.10% of total revenue is from local tax levy and 49.70% of the Borough of Clayton School District's revenue is from federal and state aid (restricted and not restricted).

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 646,431	\$ 373,520	\$ 1,019,951
Receivables, net (Note 4)	720,652	108,700	829,352
Internal Balances	(3,885)	3,885	
Inventory (Note 5)		10,690	10,690
Restricted Assets:			
Capital Reserve Account - Cash	811,827		811,827
Restricted Cash and Cash Equivalents	737,561		737,561
Capital Assets, net (Note 6)	30,426,134	63,828	30,489,962
<b>Total Assets</b>	<b>33,338,720</b>	<b>560,623</b>	<b>33,899,343</b>
<b>DEFERRED OUTFLOWS:</b>			
Loss on Refunding of Debt Related to Pension (Note 9)	270,337		270,337
	928,518		928,518
<b>Total Deferred Outflows of Resources</b>	<b>1,198,855</b>		<b>1,198,855</b>
<b>LIABILITIES:</b>			
Accounts Payable			
Related to Pensions	301,816		301,816
Other	67,324	1,866	69,190
Payable to State Government	67,382		67,382
Unearned Revenue	429,527		429,527
Accrued Interest Payable	177,640		177,640
Noncurrent Liabilities (Note 7):			
Due within One Year	1,101,884		1,101,884
Due beyond One Year	20,068,312		20,068,312
<b>Total Liabilities</b>	<b>22,213,885</b>	<b>1,866</b>	<b>22,215,751</b>
<b>DEFERRED INFLOWS:</b>			
Related to Pension (Note 9)	1,845,154		1,845,154
<b>NET POSITION:</b>			
Net Investment in Capital Assets	13,994,228	63,828	14,058,056
Restricted for:			
Debt Service	8,029		8,029
Student Activities	290,255		290,255
Capital Projects	811,827		811,827
Other Purposes	739,341		739,341
Unrestricted (Deficit)	(5,365,144)	494,929	(4,870,215)
<b>Total Net Position</b>	<b>\$ 10,478,536</b>	<b>\$ 558,757</b>	<b>\$ 11,037,293</b>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2021

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 8,272,196		\$ 619,052	\$ (7,653,144)		\$ (7,653,144)
Special Education	1,568,555	\$ 224,928	553,565	(790,062)		(790,062)
Other Instruction	843,246			(843,246)		(843,246)
Support Services:						
Tuition	1,935,742		362,427	(1,573,315)		(1,573,315)
Student and Instruction Related Services	3,913,802	198,097	1,364,569	(2,351,136)		(2,351,136)
General Administrative Services	484,989			(484,989)		(484,989)
School Administrative Services	1,082,243			(1,082,243)		(1,082,243)
Central Services	340,313			(340,313)		(340,313)
Administrative Information Technology	161,357			(161,357)		(161,357)
Plant Operations and Maintenance	1,342,504			(1,342,504)		(1,342,504)
Pupil Transportation	738,883			(738,883)		(738,883)
Unallocated Benefits	10,338,013		2,913,932	(7,424,081)		(7,424,081)
Interest on Long-Term Debt	453,394			(453,394)		(453,394)
Total Governmental Activities	31,475,237	423,025	5,813,545	(25,238,667)	-	(25,238,667)
Business-Type Activities:						
Food Service	496,409	6,932	815,243		\$ 325,766	325,766
Performing Arts Center	22,380	67,265			44,885	44,885
Total Business-Type Activities	518,789	74,197	815,243	-	370,651	370,651
Total Government	\$ 31,994,026	\$ 497,222	\$ 6,628,788	(25,238,667)	370,651	(24,868,016)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				9,036,488		9,036,488
Property Taxes, Levied for Debt Service				1,168,190		1,168,190
Federal and State Aid Not Restricted				16,594,388		16,594,388
Transportation Fees from other LEAs within State				59,652		59,652
Interest and Investment Earnings				2,261	114	2,375
Miscellaneous Income				298,176		298,176
Total General Revenues				27,159,155	114	27,159,269
Change in Net Position				1,920,488	370,765	2,291,253
Net Position -- July 1				8,292,611	187,992	8,480,603
Prior Period Adjustment				265,437		265,437
Net Position -- July 1 (Restated)				8,558,048	187,992	8,746,040
Net Position -- June 30				\$ 10,478,536	\$ 558,757	\$ 11,037,293

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

**FUND FINANCIAL STATEMENTS**



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Governmental Funds  
Balance Sheet  
June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Cash and Cash Equivalents	\$ 1,238,402	\$ 737,561	\$ 8,029	\$ 1,983,992
Cash - Capital Reserve Account	211,827			211,827
Intergovernmental Accounts Receivable, net				
State	414,476	1,625		416,101
Federal		183,953		183,953
Other	60,404	60,194		120,598
Interfunds Account Receivable	192,160			192,160
<b>Total Assets</b>	<b>\$ 2,117,269</b>	<b>\$ 983,333</b>	<b>\$ 8,029</b>	<b>\$ 3,108,631</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 46,673	\$ 124		\$ 46,797
Interfunds Payable		196,045		196,045
Payable to State Government		67,382		67,382
Payroll Deductions and Withholdings Payable	20,527			20,527
Unearned Revenue		429,527		429,527
<b>Total Liabilities</b>	<b>67,200</b>	<b>693,078</b>		<b>760,278</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve Account	811,827			811,827
Excess Surplus--Designated for Subsequent Year's Expenditures	207,068			207,068
Excess Surplus	532,273			532,273
Debt Service			\$ 8,029	8,029
Student Activities		290,255		290,255
<b>Assigned:</b>				
Other Purposes	370,722			370,722
Subsequent Year's Expenditures	186,666			186,666
Unassigned (Deficit)	(58,487)	-		(58,487)
<b>Total Fund Balances (Deficit)</b>	<b>2,050,069</b>	<b>290,255</b>	<b>8,029</b>	<b>2,348,353</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,117,269</b>	<b>\$ 983,333</b>	<b>\$ 8,029</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 funds. The cost of the assets is \$50,871,678, and the accumulated depreciation is \$20,445,544.	30,426,134
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(17,213,118)
Accrued interest payable	(177,640)
Net Pension Liability	(3,957,078)
Accounts Payable related to the April 1, 2022 Required PERS pension contribution that is not to be liquidated with current financial resources.	(301,816)
Deferred Outflows of Resources - Related to Pensions	928,518
Deferred Outflows of Resources - Loss on Refunding of Debt	270,337
Deferred Inflows of Resources - Related to Pensions	(1,845,154)
<b>Net position of governmental activities</b>	<b>\$ 10,478,536</b>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>				
Local Tax Levy	\$ 9,036,488		\$ 1,168,190	\$ 10,204,678
Tuition Charges	224,928			224,928
Interest	2,261			2,261
Transportation Charges	59,652			59,652
Unrestricted Miscellaneous Revenues	222,355			222,355
State Sources	16,402,931	\$ 1,417,764	111,704	17,932,399
Federal Sources	79,753	1,493,663		1,573,416
Local Sources	75,821	402,137		477,958
<b>Total Revenues</b>	<b>26,104,189</b>	<b>3,313,564</b>	<b>1,279,894</b>	<b>30,697,647</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	6,916,225	619,052		7,535,277
Special Education Instruction	922,592	532,605		1,455,197
Other Special Instruction		20,960		20,960
Other Instruction	766,483			766,483
Support Services and Undistributed Costs:				
Tuition	1,573,315	362,427		1,935,742
Student and Instruction Related Services	2,247,040	1,441,721		3,688,761
General Administrative Services	484,989			484,989
School Administrative Services	983,723			983,723
Central Services	309,333			309,333
Administrative Information Technology	146,668			146,668
Plant Operations and Maintenance	1,220,292			1,220,292
Pupil Transportation	939,140			939,140
Unallocated Benefits	7,643,257	215,854		7,859,111
Debt Service:				
Principal			795,556	795,556
Interest and Other Charges	156,872		481,938	638,810
Capital Outlay	756,047			756,047
<b>Total Expenditures</b>	<b>25,065,976</b>	<b>3,192,619</b>	<b>1,277,494</b>	<b>29,536,089</b>
Excess (Deficiency) of Revenues over Expenditures	1,038,213	120,945	2,400	1,161,558
<b>OTHER FINANCING SOURCES (USES):</b>				
Assets Acquired Under Capital Leases	600,000			600,000
<b>Total Other Financing Sources (Uses)</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>600,000</b>
<b>Net Change in Fund Balances</b>	<b>1,638,213</b>	<b>120,945</b>	<b>2,400</b>	<b>1,761,558</b>
Fund Balance (Deficit) -- July 1	411,856	(96,127)	5,629	321,358
Prior Period Adjustments		265,437		265,437
<b>Fund Balance, July 1, Restated</b>	<b>411,856</b>	<b>169,310</b>	<b>5,629</b>	<b>586,795</b>
<b>Fund Balance -- June 30</b>	<b>\$ 2,050,069</b>	<b>\$ 290,255</b>	<b>\$ 8,029</b>	<b>\$ 2,348,353</b>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	1,761,558
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(1,353,264)
Capital Outlays		<u>756,047</u>
		(597,217)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		795,556
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.</p>		
		56,200
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)</p>		
		129,216
<p>Assets acquired under capital leases do not effect the statement of net position, however, are reported as a financing source in the governmental funds.</p>		
		(600,000)
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.</p>		
		200,258
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(44,259)
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		<u>219,176</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,920,488</u></u>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Proprietary Funds  
 Statement of Net Position  
 June 30, 2021

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 335,315	\$ 38,205	\$ 373,520
Accounts Receivable:			
State	4,928		4,928
Federal	97,092		97,092
Other		6,680	6,680
Interfund	3,885		3,885
Inventories	10,690		10,690
Total Current Assets	<u>451,910</u>	<u>44,885</u>	<u>496,795</u>
Noncurrent Assets:			
Equipment	353,558		353,558
Less Accumulated Depreciation	<u>289,730</u>		<u>289,730</u>
Total Noncurrent Assets	<u>63,828</u>	<u>-</u>	<u>63,828</u>
Total Assets	<u>515,738</u>	<u>44,885</u>	<u>560,623</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	<u>1,866</u>		<u>1,866</u>
Total Current Liabilities	<u>1,866</u>	<u>-</u>	<u>1,866</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	63,828	-	63,828
Unrestricted	<u>450,044</u>	<u>44,885</u>	<u>494,929</u>
Total Net Position	<u>\$ 513,872</u>	<u>\$ 44,885</u>	<u>\$ 558,757</u>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Proprietary Funds  
 Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 4,906		\$ 4,906
Daily Sales - Non-Reimbursable Programs	2,026		2,026
Rent		\$ 67,265	67,265
	<u>6,932</u>	<u>67,265</u>	<u>74,197</u>
Total Operating Revenues	<u>6,932</u>	<u>67,265</u>	<u>74,197</u>
<b>OPERATING EXPENSES:</b>			
Salaries	204,486	22,283	226,769
Supplies and Materials	17,238	97	17,335
Cost of Sales - Reimbursable Programs	196,252		196,252
Cost of Sales - Non-Reimbursable Programs	499		499
Management Fee	66,946		66,946
Other Purchased Services	2,009		2,009
Depreciation	8,979		8,979
	<u>496,409</u>	<u>22,380</u>	<u>518,789</u>
Total Operating Expenses	<u>496,409</u>	<u>22,380</u>	<u>518,789</u>
Operating Income (Loss)	<u>(489,477)</u>	<u>44,885</u>	<u>(444,592)</u>
<b>NONOPERATING REVENUES:</b>			
State Sources:			
State School Lunch Program	23,099		23,099
Federal Sources:			
Healthy Hunger Free Kids Program	8,229		8,229
National School Lunch Program	415,011		415,011
School Breakfast Program	273,525		273,525
United States Department of Agriculture Commodities	53,763		53,763
Emergency Operational Cost Program	41,002		41,002
P-EBT Administrative Cost	614		614
Interest and Investment Revenue	114		114
	<u>815,357</u>		<u>815,357</u>
Total Nonoperating Revenues	<u>815,357</u>		<u>815,357</u>
Change in Net Position	325,880	44,885	370,765
Total Net Position -- July 1	<u>187,992</u>		<u>187,992</u>
Total Net Position -- June 30	<u>\$ 513,872</u>	<u>\$ 44,885</u>	<u>\$ 558,757</u>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Proprietary Fund  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 6,932	\$ 60,585	\$ 67,517
Payments to Employees	(204,486)	(22,283)	(226,769)
Payments to Suppliers	(228,511)	(97)	(228,608)
Net Cash Provided by (used for) Operating Activities	(426,065)	38,205	(387,860)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Cash Received from State and Federal Reimbursements	677,988		677,988
Net Cash Provided by (used for) Non-Capital Financing Activities	677,988		677,988
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends	114		114
Net Cash Provided by (used for) Investing Activities	114		114
Net Increase (Decrease) in Cash and Cash Equivalents	252,037	38,205	290,242
Cash and Cash Equivalents -- July 1	83,278		83,278
Cash and Cash Equivalents -- June 30	\$ 335,315	\$ 38,205	\$ 373,520
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (489,477)	\$ 44,885	\$ (444,592)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	8,979		8,979
Federal Commodities	53,763		53,763
(Increase) Decrease in Accounts Receivable Other		(6,680)	(6,680)
(Increase) Decrease in Inventories	4,477		4,477
Increase (Decrease) in Other Current Liabilities	(3,807)		(3,807)
Total Adjustments	63,412	(6,680)	56,732
Net Cash Provided by (used for) Operating Activities	\$ (426,065)	\$ 38,205	\$ (387,860)

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades kindergarten through 12 at its three schools. The School District has an approximate enrollment at June 30, 2021 of 1,471.

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.

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

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

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

The School District reports the following major governmental 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.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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

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

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.

**Performing Arts Center Fund** - This fund accounts for the financial activity related to performances at the School District's Performing Arts Center.

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

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

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

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

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

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

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

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

**Encumbrances**

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

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

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

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

**Cash, Cash Equivalents and Investments**

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

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

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

**Inventories**

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

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

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

**Tuition Receivable**

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

**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, 2021. The School District had no prepaid expenses for the fiscal year ended June 30, 2021.

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

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.

**Capital Assets**

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

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

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

The School District does not possess any infrastructure assets.

**Deferred Outflows of Resources 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: loss on refunding of debt, defined benefit pension plans, and postemployment benefit plans.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2021 and 2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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

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

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2021, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

**Bond Discounts / Premiums**

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

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

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

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

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

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

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

**Fund Balance**

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

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

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

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

***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.

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

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

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

**Interfund Activity**

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

**Accounting Estimates**

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

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

The School District implemented the following GASB Statement for the fiscal year ended June 30, 2021:

Statement No. 84, *Fiduciary Activities*. The primary 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.

Because of the implementation of Statement No. 84, the School District has determined that certain activities that were previously reported in the fiduciary fund now meet the criteria for reporting as governmental activities. As a result, net position and certain fund balances reported as of July 1, 2020 have been restated (note 20).

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

The GASB has issued the following Statement that will become effective for the School District for fiscal years ending after June 30, 2021:

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 trust funds, salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2021, the School District's bank balances of \$3,326,496 were exposed to custodial credit risk as follows:

Insured	\$	1,076,478
Insured under GUDPA		2,119,531
Uninsured/Uncollateralized		<u>130,487</u>
	\$	<u>3,326,496</u>

**Note 3: CAPITAL RESERVE ACCOUNT**

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



**Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)**

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 01, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 01, 2020	\$ 211,677
Increased by:	
Transfer per June 15, 2021 Resolution	600,000
Interest Earnings	<u>150</u>
	811,827
Decreased by:	
Withdrawals	<u>-</u>
Ending Balance, June 30, 2021	<u><u>\$ 811,827</u></u>

The June 30, 2021 LRFP balance of local support costs of uncompleted projects at June 30, 2021 is \$10,525,000. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 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 funds, in the aggregate, are as follows:

	Governmental Funds		Total Governmental Activities	Proprietary Funds		Total Business- Type Activities	Total
	General Fund	Special Revenue Fund		Food Service Fund	Performing Arts Center Fund		
Federal Awards		\$ 183,953	\$ 183,953	\$ 97,092		\$ 97,092	\$ 281,045
State Awards	\$ 414,476	1,625	416,101	4,928		4,928	421,029
Other	<u>60,404</u>	<u>60,194</u>	<u>120,598</u>		\$ 6,680	<u>6,680</u>	<u>127,278</u>
Total	<u>\$ 474,880</u>	<u>\$ 245,772</u>	<u>\$ 720,652</u>	<u>\$ 102,020</u>	<u>\$ 6,680</u>	<u>\$ 108,700</u>	<u>\$ 829,352</u>

**Note 5: INVENTORY**

Inventory recorded at June 30, 2021 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	\$ 8,559
Supplies	<u>2,131</u>
	<u>\$ 10,690</u>

**Note 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	<u>Balance July 01, 2020</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2021</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 510,670			\$ 510,670
Total Capital Assets, not being Depreciated	<u>510,670</u>			<u>510,670</u>
Capital Assets, being Depreciated:				
Site Improvements	2,045,351			2,045,351
Buildings and Improvements	44,729,916			44,729,916
Equipment	<u>2,829,694</u>	\$ 756,047		<u>3,585,741</u>
Total Capital Assets, being Depreciated	<u>49,604,961</u>	<u>756,047</u>		<u>50,361,008</u>
Less Accumulated Depreciation for:				
Site Improvement	(1,172,757)	(75,937)		(1,248,694)
Building and Improvements	(15,957,072)	(1,043,445)		(17,000,517)
Equipment	<u>(1,962,451)</u>	<u>(233,882)</u>		<u>(2,196,333)</u>
Total Accumulated Depreciation	<u>(19,092,280)</u>	<u>(1,353,264)</u>		<u>(20,445,544)</u>
Total Capital Assets, being Depreciated, Net	<u>30,512,681</u>	<u>(597,217)</u>		<u>29,915,464</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,023,351</u>	<u>\$ (597,217)</u>		<u>\$ 30,426,134</u>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Equipment	\$ 353,558			\$ 353,558
Less Accumulated Depreciation for:				
Equipment	<u>(280,751)</u>	<u>\$ (8,979)</u>		<u>(289,730)</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 72,807</u>	<u>\$ (8,979)</u>		<u>\$ 63,828</u>

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

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

**Governmental Activities:**

Instruction	\$ 861,822
Student & Instruction Related Services	225,041
General and Business Administrative Services	144,189
Plant Operations and Maintenance	<u>122,212</u>
Total Depreciation – Governmental Activities	<u>\$ 1,353,264</u>

**Business-Type Activities:**

Food Service	<u>\$ 8,979</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 8,979</u>

**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2021, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance July 01, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	<u>\$ 16,015,000</u>		<u>\$ (795,556)</u>	<u>\$ 15,219,444</u>	<u>\$ 685,000</u>
Unamortized Cost of Premium on Bonds	<u>862,375</u>		<u>(86,237)</u>	<u>776,138</u>	
Other Liabilities:					
Net Pension Liability	4,181,721	\$ 2,547,273	(2,771,916)	3,957,078	
Obligations under Capital Lease	306,919	600,000	(200,258)	706,661	289,165
Compensated Absences	<u>466,617</u>	<u>253,560</u>	<u>(209,302)</u>	<u>510,875</u>	<u>127,719</u>
Total Other Liabilities	<u>4,955,257</u>	<u>3,400,833</u>	<u>(3,181,476)</u>	<u>5,174,614</u>	<u>416,884</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 21,832,632</u>	<u>\$ 3,400,833</u>	<u>\$ (4,063,269)</u>	<u>\$ 21,170,196</u>	<u>\$1,101,884</u>

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

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

**Note 7: LONG-TERM LIABILITIES (CONT'D)**

**Bonds Payable (Cont'd)** - Principal due on the serial bonds is as follows:

<u>Date of Issue</u>	<u>Amount Of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Amount</u>
2015	\$ 9,730,000	2022 to 2040	3.00-4.00%	\$ 8,270,000
2020	7,065,000	2022 to 2035	4.00%	6,949,444
				<u>\$ 15,219,444</u>

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 685,000	\$ 525,619	\$ 1,210,619
2023	715,000	500,619	1,215,619
2024	745,000	474,506	1,219,506
2025	775,000	447,381	1,222,381
2026	810,000	423,488	1,233,488
2027-2031	4,545,000	1,715,325	6,260,325
2032-2036	4,854,444	827,513	5,682,513
2037-2040	2,090,000	201,131	2,291,131
	<u>\$ 15,219,444</u>	<u>\$ 5,115,582</u>	<u>\$ 20,335,581</u>

**Bonds Authorized but not Issued** - As of June 30, 2021, the School District had no authorizations to issue additional bonded debt.

**Obligation under Capital Lease** - The School District is leasing buses, technology, and other equipment under two capital leases. The capital leases each have a term of five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2021.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 289,165	\$ 12,742	\$ 301,907
2023	136,704	7,473	144,177
2024	139,151	5,026	144,177
2025	141,641	2,535	144,176
	<u>\$ 706,661</u>	<u>\$ 27,776</u>	<u>\$ 734,437</u>

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

**Note 7: LONG-TERM LIABILITIES (CONT'D)**

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

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

**Note 8: OPERATING LEASES**

At June 30, 2021, the School District had operating lease agreements in effect for copy machines and postage machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 221,343
2023	221,343
2024	<u>106,784</u>
	<u>\$ 549,470</u>

Rental payments under operating leases for the fiscal year ended June 30, 2021 were \$261,839.

**Note 9: PENSION PLANS**

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

Each of the aforementioned plans have a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the PERS and TPAF plans' fiduciary net position that can be obtained by writing to or at the following website:

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

**Note 9: PENSION PLANS (CONT'D)****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 PERS.

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

**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.

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

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.

**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.

**Note 9: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****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 2020. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2020, 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, 2021 was 18.69% 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 contribute to the pension plan during the fiscal year ended June 30, 2021 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, 2020, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2021 was \$1,867,709, and was paid by April 1, 2021. School District employee contributions to the Plan during the fiscal year ended June 30, 2021 were \$751,801.

**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 2020. 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, 2021 was 15.30% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2021 was \$265,453, and was paid by April 1, 2021. School District employee contributions to the Plan during the fiscal year ended June 30, 2021 were \$149,149.

**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, 2021, employee contributions totaled \$9,729, and the School District recognized pension expense, which equaled the required contributions, of \$7,059. There were no forfeitures during the fiscal year.



**Note 9: PENSION PLANS (CONT'D)****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, 2021, 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 Districts Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>54,273,999</u>
	<u>\$ 54,273,999</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. For the June 30, 2020 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, 2020 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 0.0824221575%, which was an increase of 0.0035514547% from its proportion measured as of June 30, 2019.

**Pension Expense** - For the fiscal year ended June 30, 2021, the School District recognized \$3374,988 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, 2020 measurement date.

**Public Employees' Retirement System**

**Pension Liability** - At June 30, 2021, the School District reported a liability of \$3,957,078 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. 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, 2020 measurement date, the School District's proportion was 0.0242655611%, which was an increase of 0.0010576102% from its proportion measured as of June 30, 2019.

**Pension Expense** - For the fiscal year ended June 30, 2021, the School District recognized pension expense of \$46,278, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2020 measurement date.

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

**Deferred Outflows and Inflows of Resources** - At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences Between Expected and Actual Experience	\$ 72,052	\$ 13,994
Changes of Assumptions	128,372	1,656,866
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	135,256	-
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contribution	291,022	174,294
School District Contributions Subsequent to the Measurement Date	301,816	-
	<u>\$ 928,518</u>	<u>\$ 1,845,154</u>

Deferred outflows of resources in the amount of \$301,816 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2022. 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>Fiscal Year Ending June 30,</b>	<b>PERS</b>
2022	\$ (518,886)
2023	(437,979)
2024	(267,561)
2025	21,215
2026	(15,241)
	<u>\$ (1,218,452)</u>

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
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
June 30, 2020	-	5.16
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	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
June 30, 2020	5.16	5.16

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

The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2019. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: <sup>(1)</sup>		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	2.75% - 5.65%	3.00% - 7.00%
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

<sup>(1)</sup> Based on years of service

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-2020.

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-2020.

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, 2020 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2020 measurement date are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

**Discount Rate -**

**Teachers' Pension and Annuity Fund** - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of the June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2062 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 7.00% as of June 30, 2020. 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 2.21% as of the June 30, 2020 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 78% 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. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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

**Teachers' Pension and Annuity Fund (TPAF)** - As previously mentioned TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2020, 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, 2020 (Plan's measurement date), attributable to the School District, calculated using the discount rate of 5.40% 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 (4.40%)</b>	<b>Current Discount Rate (5.40%)</b>	<b>1% Increase (6.40%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of the Net Pension Liability associated with the School District	63,751,168	54,273,999	46,404,801
	<u>\$ 63,751,168</u>	<u>\$ 54,273,999</u>	<u>\$ 46,404,801</u>

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2020, the Plan's measurement date, calculated using a discount rate of 7.00%, 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 (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 5,020,472</u>	<u>\$ 3,957,078</u>	<u>\$ 3,112,279</u>

**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.

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

**Plan Description and Benefits Provided** - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publicly 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, 2020, 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	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>366,108</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 pension 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 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (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, 2021 was \$56,533,432. 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, 2020, and was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. For the June 30, 2020 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was 0.0833703925%, which was a decrease of 0.0014069093% from its proportion measured as of June 30, 2019.

**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, 2019 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% - 4.45%	2.00% - 6.00%	3.25% - 15.25%*
Thereafter	1.55% - 4.45%	3.00% - 7.00%	Applied to all future years

\*based on service years

**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-2020.

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-2020.

**Experience Studies** - The actuarial assumptions used in the June 30, 2019 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 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**Discount Rate** - The discount rate for June 30, 2020 measurement date was 2.21%. 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.



**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****Changes in the Total Non-Employer OPEB Liability**

The below table summarizes the State's proportionate share of the change in the total non-employer OPEB liability associated with the School District:

Balance at June 30, 2020		\$ 35,376,789
Changes for the Year:		
Service Cost	\$ 1,623,428	
Interest Cost	1,278,450	
Difference Between Expected and Actual Experience	8,882,420	
Changes in Assumptions	10,326,715	
Member Contributions	29,831	
Gross Benefit Payments	<u>(984,201)</u>	
Net Changes		<u>21,156,643</u>
Balance at June 30, 2021		<u>\$ 56,533,432</u>

There were no changes in benefit terms between the June 30, 2019 measurement date and the June 30, 2020 measurement date.

Differences between expected and actual experience reflect an increase in liability from June 30, 2019 to June 30, 2020 due to changes in the census, claims, and premiums experience.

Changes in assumptions reflect an increase in the liability from June 30, 2019 to June 30, 2020 is due to the combined effect of the decrease in the assumed discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020; and changes in the trend, repeal of the excise tax, and updated mortality improvement 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, 2020, associated with the School District, using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 68,153,970</u>	<u>\$ 56,533,432</u>	<u>\$ 47,447,290</u>

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2020, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 45,635,693</u>	<u>\$ 56,533,432</u>	<u>\$ 69,510,217</u>

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****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, 2021, the School District recognized \$2,689,646 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, 2020 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, 2021, 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>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 8,583,248	\$ 7,645,652
Changes of Assumptions	9,616,151	6,450,785
Changes in Proportion	<u>246,409</u>	<u>1,828,294</u>
	<u>\$ 18,445,808</u>	<u>\$ 15,924,731</u>

**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>	
2022	\$ (187,682)
2023	(187,682)
2024	(187,682)
2025	(187,682)
2026	(187,682)
Thereafter	<u>3,459,487</u>
	<u>\$ 2,521,077</u>

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2021, 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 \$2,515,409, \$47,859, \$803,288, and \$1,749, respectively.

**Note 12: RISK MANAGEMENT**

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

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

**Note 13: DEFERRED COMPENSATION**

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

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

**Note 14: COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2021, the liability for compensated absences reported on the government-wide statement of net position was \$510,875.

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

**Interfunds** - The composition of interfund balances as of June 30, 2021 is as follows:

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

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2022, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 16: CONTINGENCIES**

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

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

**Note 17: CONCENTRATIONS**

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

**Note 18: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$58,647 in the general fund as of June 30, 2021 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 fund balance deficit does not alone indicate that the School District is facing financial difficulties.

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

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 \$58,647 is less than the June state aid payments

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

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

**General Fund**

**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. 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, 2021 is \$532,273. Additionally, \$207,068 of excess fund balance generated during 2019-2020 has been restricted and designated for utilization in the 2021-2022 budget.

**For Capital Reserve Account** - As of June 30, 2021, the balance in the capital reserve account is \$811,827. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**Special Revenue Fund**

**For Student Activities** - In accordance with N.J.A.C. 6A:23A-16.12(c), each school district shall ensure through adoption of a formal board policy that all financial and bookkeeping controls are adequate to ensure appropriate fiscal accountability and sound business practices for funds collected for student activities. As such, borrowing from student activity funds is prohibited. The balance of these funds as of June 30, 2021 is \$290,255.

**Debt Service Fund** - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2022, \$8,029 of debt service fund balance at June 30, 2021.

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

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

**General Fund**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2022 \$186,666 of general fund balance at June 30, 2021.

**Other Purposes** - As of June 30, 2021, the School District had \$370,722 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, 2021, \$(58,487) of general fund balance (deficit) was unassigned.

**Note 20: RESTATEMENT OF PRIOR PERIOD NET POSITION AND FUND BALANCE**

For the fiscal year ended June 30, 2021, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result, the following net positions and fund balances as of July 1, 2020 have been restated. The following tables illustrate the restatements:

	<u>Governmental Activities</u>
Beginning Net Position as previously reported at July 1, 2020	\$ 8,292,611
Prior period adjustment(s):	
Reclassification of Student Activity Payable to Student Groups Balance from Fiduciary Fund	<u>\$ 265,437</u>
Total Prior Period Adjustment(s)	<u>265,437</u>
Net Position as Restated, July 1, 2020	<u>\$ 8,558,048</u>

**Note 20: RESTATEMENT OF PRIOR PERIOD NET POSITION AND FUND BALANCE (CONT'D)**

	<u>Special Revenue Fund</u>
Beginning Fund Balance (Deficit) as previously reported at July 1, 2020	\$ (96,127)
Prior period adjustment(s):	
Reclassification of Student Activity Payable to Student Groups Balance from Fiduciary Fund	<u>\$ 265,437</u>
Total Prior Period Adjustment(s)	<u>265,437</u>
Fund Balance (Deficit) as Restated, July 1, 2020	<u>\$ 169,310</u>

**Note 21: SUBSEQUENT EVENTS**

**COVID-19** - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase 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 2022.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**



**BUDGETARY COMPARISON SCHEDULES**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
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	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 9,036,488		\$ 9,036,488	\$ 9,036,488	
Other Local Government Units	75,315		75,315	75,821	\$ 506
Tuition - from Individual				47,947	47,947
Tuition - LEAs w/in state	200,000		200,000	176,981	(23,019)
Interest	9,000		9,000	2,261	(6,739)
Unrestricted Misc. Revenues	140,000		140,000	222,355	82,355
Interest Earned on Capital Reserve	250		250		(250)
Transportation Fees - from other LEAs within State	5,001		5,001	59,652	54,651
<b>Total - Local Sources</b>	<u>9,466,054</u>	<u>-</u>	<u>9,466,054</u>	<u>9,621,505</u>	<u>155,451</u>
<b>State Sources:</b>					
School Choice Aid	89,462	6,838	96,300	96,300	-
Equalization Aid	11,079,070	(820,319)	10,258,751	10,258,751	-
Nonpublic Transportation Aid				11,310	11,310
Extraordinary Aid	110,000		110,000	340,541	230,541
Categorical Special Education Aid	1,061,043		1,061,043	1,061,043	-
Categorical Security Aid	269,252		269,252	269,252	-
Categorical Transportation Aid	289,926		289,926	289,926	-
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				2,515,409	2,515,409
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				47,859	47,859
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				1,749	1,749
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				803,288	803,288
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				731,144	731,144
<b>Total - State Sources</b>	<u>12,898,753</u>	<u>(813,481)</u>	<u>12,085,272</u>	<u>16,426,572</u>	<u>4,341,300</u>
<b>Federal Sources:</b>					
Medicaid Reimbursement	56,552		56,552	79,753	23,201
<b>Total - Federal Sources</b>	<u>56,552</u>	<u>-</u>	<u>56,552</u>	<u>79,753</u>	<u>23,201</u>
<b>Total Revenues</b>	<u>22,421,359</u>	<u>(813,481)</u>	<u>21,607,878</u>	<u>26,127,830</u>	<u>4,519,952</u>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
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 For the Fiscal Year Ended June 30, 2021

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool / Kindergarten	\$ 432,668	\$ (60,336)	\$ 372,332	\$ 372,332	
Grades 1-5	2,085,188	148,832	2,234,020	2,232,820	\$ 1,200
Grades 6-8	1,601,177	(14,793)	1,586,384	1,567,456	18,928
Grades 9-12	1,986,501	(18,495)	1,968,006	1,886,271	81,735
Regular Programs - Home Instruction:					
Salaries of Teachers	17,000	(9,869)	7,131	2,860	4,271
Regular Programs - Undistributed Instruction:					
Purchased Professional / Educational Services	593,924	(185,274)	408,650	288,415	120,235
Purchased Professional and Technical Services	58,478		58,478	55,526	2,952
Other Purchased Services	3,096		3,096	2,635	461
General Supplies	398,683	164,175	562,858	476,638	86,220
Textbooks	37,206	(3,159)	34,047	31,272	2,775
Other Objects	9,500	(2,100)	7,400		7,400
Total Regular Programs	<u>7,223,421</u>	<u>18,981</u>	<u>7,242,402</u>	<u>6,916,225</u>	<u>326,177</u>
Special Education - Instruction:					
Behavioral Disabilities					
Salaries of Teachers	134,604	2,500	137,104	137,104	-
Other Salaries for Instruction	72,615	(72,615)			-
General Supplies	4,500	(2,647)	1,853	1,837	16
Total Behavioral Disabilities	<u>211,719</u>	<u>(72,762)</u>	<u>138,957</u>	<u>138,941</u>	<u>16</u>
Multiple Disabilities					
Salaries of Teachers	123,846	(3,240)	120,606	120,606	
Other Salaries for Instruction	3,000	(3,000)			
Purchased Services	45,049	(124)	44,925	44,925	
General Supplies	5,543	(91)	5,452	3,016	2,436
Total Multiple Disabilities	<u>177,438</u>	<u>(6,455)</u>	<u>170,983</u>	<u>168,547</u>	<u>2,436</u>
Resource Room / Resource Center:					
Salaries of Teachers	605,462	(102,770)	502,692	501,934	758
Other Salaries for Instruction	19,543	(19,543)			
Total Resource Room / Resource Center	<u>625,005</u>	<u>(122,313)</u>	<u>502,692</u>	<u>501,934</u>	<u>758</u>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
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 For the Fiscal Year Ended June 30, 2021

EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Autism					
Salaries of Teachers	\$ 80,871	\$ (5,976)	\$ 74,895	\$ 74,495	400
Other Salaries for Instruction	23,500	(23,500)	-	-	-
General Supplies	5,000	(269)	4,731	4,731	-
Total Autism	<u>109,371</u>	<u>(29,745)</u>	<u>79,626</u>	<u>79,226</u>	<u>400</u>
Home Instruction					
Salaries of Teachers	14,500	(14,500)	-	-	-
Purchase Professional - Educational Services	40,000	(2,748)	37,252	33,944	3,308
Total Home Instruction	<u>54,500</u>	<u>(17,248)</u>	<u>37,252</u>	<u>33,944</u>	<u>3,308</u>
Total Special Education - Instruction	<u>1,178,033</u>	<u>(248,523)</u>	<u>929,510</u>	<u>922,592</u>	<u>6,918</u>
Basis Skills / Remedial - Instruction					
Salaries of Teachers	162,253		162,253	162,253	
Other Salaries	26,308	(26,308)	-	-	
Total Basis Skills / Remedial - Instruction	<u>188,561</u>	<u>(26,308)</u>	<u>162,253</u>	<u>162,253</u>	<u>-</u>
Bilingual Education - Instruction:					
Salaries of Teachers	84,690	36,201	120,891	120,891	
Total Bilingual Education - Instruction	<u>84,690</u>	<u>36,201</u>	<u>120,891</u>	<u>120,891</u>	<u>-</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	126,491	(26,000)	100,491	84,089	16,402
Purchased Services	6,000		6,000	2,376	3,624
Purchased Services Drivers Ed	850		850	385	465
Supplies and Materials	9,330		9,330	4,552	4,778
Other Objects - Cocurricular	9,100		9,100	-	9,100
Total School Sponsored Cocurricular Activities - Instruction	<u>151,771</u>	<u>(26,000)</u>	<u>125,771</u>	<u>91,402</u>	<u>34,369</u>
School Sponsored Athletics - Instruction:					
Salaries	237,565	20,969	258,534	257,185	1,349
Purchased Services	78,611	(1,810)	76,801	68,815	7,986
Supplies and Materials	39,375	(5,041)	34,334	34,333	1
Other Objects	35,300	4,279	39,579	27,294	12,285
Total School Sponsored Athletics - Instruction	<u>390,851</u>	<u>18,397</u>	<u>409,248</u>	<u>387,627</u>	<u>21,621</u>
Instructional/Alternative Education Program - Instruction					
Salaries	38,768	(15,956)	22,812	4,310	18,502
Total Instructional/Alternative Education Program - Instruction	<u>38,768</u>	<u>(15,956)</u>	<u>22,812</u>	<u>4,310</u>	<u>18,502</u>
Total Instruction	<u>9,256,095</u>	<u>(243,208)</u>	<u>9,012,887</u>	<u>8,605,300</u>	<u>407,587</u>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
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EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 72,000	\$ 4,878	\$ 76,878	\$ 76,878	
Tuition to Other LEA's Within State - Special	79,264	32,587	111,851	111,851	
Tuition To Cty Sch. - Reg	87,570	11,580	99,150	99,149	\$ 1
Tuition to CSSD & Reg. Day Schools	544,344	41,176	585,520	584,774	746
Tuition to Private Schools for the Disabled - Within State	739,349	(43,180)	696,169	696,163	6
Tuition - State Facilities	4,500		4,500	4,500	
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,527,027</b>	<b>47,041</b>	<b>1,574,068</b>	<b>1,573,315</b>	<b>753</b>
Undistributed Expenditures - Health Services:					
Salaries	124,672		124,672	124,172	500
Purchased Professional and Technical Services	21,900		21,900	18,726	3,174
Other Purchased Services	2,000		2,000	1,796	204
Supplies and Materials	4,800	(338)	4,462	689	3,773
Other Objects	85		85	85	85
<b>Total Undistributed Expenditures - Health Services</b>	<b>153,457</b>	<b>(338)</b>	<b>153,119</b>	<b>145,383</b>	<b>7,736</b>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	149,123	(9,708)	139,415	138,822	593
Purchased Professional - Educational Services	83,000	52,379	135,379	126,689	8,690
Supplies and Materials	2,100		2,100	1,952	148
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>234,223</b>	<b>42,671</b>	<b>276,894</b>	<b>267,463</b>	<b>9,431</b>
Undistributed Expenditures - Other Support Services - Students - Extraordinary:					
Salaries	51,198		51,198	51,074	124
Purchased Professional - Educational Services	539,606	(47,233)	492,373	463,260	29,113
<b>Total Undistributed Expenditures - Other Support Services - Students - Extraordinary</b>	<b>590,804</b>	<b>(47,233)</b>	<b>543,571</b>	<b>514,334</b>	<b>29,237</b>

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**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
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	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd)					
Undistributed Expenditures - Other Support Services -					
Students - Guidance:					
Salaries of Other Professional Staff	\$ 419,006	\$ (10,193)	\$ 408,813	\$ 408,812	\$ 1
Salaries of Secretarial and Clerical Assistants	37,681		37,681	37,680	1
Purchased Professional - Educational Services	7,500	29	7,529	1,984	5,545
Other Purchased Professional and Technical Services	13,600	502	14,102	12,339	1,763
Other Purchased Services (400-500 series)	6,800	(850)	5,950	50	5,900
Supplies and Materials	6,020	(2,152)	3,868	3,797	71
Other objects	1,075		1,075	1,045	30
	<u>491,682</u>	<u>(12,664)</u>	<u>479,018</u>	<u>465,707</u>	<u>13,311</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Guidance					
	<u>491,682</u>	<u>(12,664)</u>	<u>479,018</u>	<u>465,707</u>	<u>13,311</u>
Undistributed Expenditures - Other Support Services -					
Students - Child Study Team:					
Salaries of Other Professional Staff	312,138	(5,193)	306,945	306,250	695
Salaries of Secretarial and Clerical Assistants	41,163		41,163	41,163	
Other Salaries	3,946		3,946	399	3,547
Purchased Professional - Educational Services	5,000	20,693	25,693	25,692	1
Other Purchased Professional and Technical Services	11,000	3,500	14,500	10,075	4,425
Other Purchased Services	22,000		22,000	15,527	6,473
Supplies and Materials	6,500		6,500	4,205	2,295
Other Objects	1,225		1,225	1,219	6
	<u>402,972</u>	<u>19,000</u>	<u>421,972</u>	<u>404,530</u>	<u>17,442</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Child Study Team					
	<u>402,972</u>	<u>19,000</u>	<u>421,972</u>	<u>404,530</u>	<u>17,442</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	276,732	(6,631)	270,101	270,091	10
Other Salaries	10,720	(9,601)	1,119		1,119
Purchased Professional / Education Services	61,023	(43,576)	17,447	16,447	1,000
Other Purch Prof. and Tech. Services	18,000		18,000	18,000	
Other Purchased Services	1,000		1,000		1,000
Supplies and Materials	3,300	(845)	2,455	1,909	546
Other Objects	3,545	845	4,390	4,390	-
	<u>374,320</u>	<u>(59,808)</u>	<u>314,512</u>	<u>310,837</u>	<u>3,675</u>
Total Undistributed Expenditures - Improvement of Instruction Services					

(Continued)

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	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>Current Expense (Cont'd)</b>					
Undistributed Expend. - Educational Media Services / Sch Library:					
Salaries	\$ 119,737	\$ (55,157)	\$ 64,580	\$ 58,555	\$ 6,025
Salaries of Technology Coordinators	74,558		74,558	72,048	2,510
Other Purchased Services	5,200		5,200	4,138	1,062
Supplies and Materials	6,500		6,500	4,045	2,455
<b>Total Undistributed Expend. - Educational Media Services / Sch Library</b>	<b>205,995</b>	<b>(55,157)</b>	<b>150,838</b>	<b>138,786</b>	<b>12,052</b>
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services	1,500		1,500		1,500
Supplies and Materials	500		500		500
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>		<b>2,000</b>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	258,468	(1,050)	257,418	233,736	23,682
Legal Services	24,000	2,578	26,578	26,572	6
Audit Fees	32,000	1,050	33,050	33,050	
Architectural/Engineering Services	7,500	(3,578)	3,922		3,922
Other Purchased Professional Services	8,900	(145)	8,755	1,578	7,177
Purchased Technical Services	4,800		4,800	4,735	65
Rentals		57,500	57,500	57,500	-
Communications / Telephone	78,090	1,145	79,235	74,606	4,629
Suppt Travel		3,000	3,000		3,000
BOE Other Purchased Services	3,600		3,600	900	2,700
Other Purchased Services	107,893	(60,500)	47,393	37,330	10,063
General Supplies	4,500		4,500	4,173	327
Miscellaneous Expenditures	16,339		16,339	10,809	5,530
<b>Total Undistributed Expenditures - Support Services - General Admin</b>	<b>546,090</b>		<b>546,090</b>	<b>484,989</b>	<b>61,101</b>
Undistributed Expenditures - Support Services - School Admin:					
Salaries of Principals / Assistant Principals	543,302		543,302	510,801	32,501
Salaries of Other Professional Staff	228,902	2	228,904	228,902	2
Salaries of Secretarial and Clerical Assistants	236,956	384	237,340	232,853	4,487
Other Purchased Services (400-500 series)	900		900	40	860
Supplies and Materials	9,800	(1,970)	7,830	5,881	1,949
Other Objects	5,800		5,800	5,246	554
<b>Total Undistributed Expenditures - Support Services - School Admin.</b>	<b>1,025,660</b>	<b>(1,584)</b>	<b>1,024,076</b>	<b>983,723</b>	<b>40,353</b>

(Continued)

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EXPENDITURES (CONT'D):	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Current Expense (Cont'd)					
Undistributed Expenditures - Central Services					
Salaries	\$ 280,921	\$ (7,898)	\$ 273,023	\$ 267,022	\$ 6,001
Purchased Professional Services	2,000	1,396	3,396	2,895	501
Purchased Technical Services	28,509	4,764	33,273	33,273	
Miscellaneous Purchased Services	1,000	(850)	150	150	
Supplies and Materials	5,250	87	5,337	4,603	734
Miscellaneous Expenditures	6,189	(4,799)	1,390	1,390	
<b>Total Undistributed Expenditures - Central Services</b>	<b>323,869</b>	<b>(7,300)</b>	<b>316,569</b>	<b>309,333</b>	<b>7,236</b>
Undistributed Expenditures - Admin. Info. Technology					
Salaries	94,420		94,420	94,191	229
Purchased Professional Services	1,750	2,050	3,800	3,800	
Purchased Technical Services	42,204		42,204	40,266	1,938
Other Purchased Services	2,175		2,175	851	1,324
Supplies and Materials	14,500	(5,250)	9,250	7,560	1,690
<b>Total Undistributed Expenditures - Admin. Info. Technology</b>	<b>155,049</b>	<b>(3,200)</b>	<b>151,849</b>	<b>146,668</b>	<b>5,181</b>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	111,302		111,302	111,302	-
Cleaning, Repair and Maintenance Services	20,950	64,669	85,619	25,633	59,986
Lead Testing of Drinking Water	1	98	99	99	-
General Supplies	38,814	1,929	40,743	40,743	-
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>171,067</b>	<b>66,696</b>	<b>237,763</b>	<b>177,678</b>	<b>60,085</b>
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	361,236	(153,954)	207,282	205,221	2,061
Cleaning, Repair and Maintenance Services	47,400	2,452	49,852	43,660	6,192
Other Purchased Services	36,838	(4,231)	32,607	30,693	1,914
Insurance	80,500	(22,493)	58,007	58,006	1
General Supplies	54,748	(17,221)	37,527	35,843	1,684
Energy (Natural Gas)	120,000	(11,680)	108,320	50,706	57,614
Energy (Electricity)	477,858	(53,747)	424,111	408,150	15,961
Other Objects	1,550		1,550	1,148	402
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>1,180,130</b>	<b>(260,874)</b>	<b>919,256</b>	<b>833,427</b>	<b>85,829</b>
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	29,426		29,426	29,426	
Cleaning, Repair & Maintenance Services	45,500	14,491	59,917	59,991	
General Supplies	24,756	(2,841)	21,915	17,233	4,682
<b>Total Undistributed Expenditures - Care &amp; Upkeep Grounds</b>	<b>99,682</b>	<b>11,650</b>	<b>111,332</b>	<b>106,650</b>	<b>4,682</b>

(Continued)



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>Current Expense (Cont'd)</b>					
Undistributed Expenditures - Security					
Salaries	\$ 48,089		\$ 48,089	\$ 26,806	\$ 21,283
SRO	49,104		49,104	49,104	
General Supplies	41,627	\$ (15,000)	26,627	26,627	
<b>Total Undistributed Expenditures - Security</b>	<b>138,820</b>	<b>(15,000)</b>	<b>123,820</b>	<b>102,537</b>	<b>21,283</b>
<b>Undistributed Expenditures - Student Transportation Services:</b>					
Salaries of Non-Instructional Aides	39,119		39,119	26,728	12,391
Sal for Pupil Trans (Bet Home & Sch) - Reg.	188,541	(12,165)	176,376	165,547	10,829
Sal for Pupil Trans (Bet Home & Sch) - Sp Ed	99,319		128,027	128,027	
Sal for Pupil Trans (Other than Bet. Home & Sch)	29,750	2,455	32,205	32,205	
Other Purchased Professional / Technical Services	38,900	51,000	89,900	58,569	31,331
Cleaning, Repair and Maintenance Services	26,000	688	26,688	15,659	11,029
Lease Purchase Payments - School Buses	49,737		49,737	49,736	1
Contracted Services - Aid in Lieu of Payments - NonPub Sch	25,000	7,847	32,847	26,659	6,188
Contracted Services - Aid in Lieu - Choice Students	15,000	(6,947)	8,053	4,074	3,979
Contracted Services - (Other than Bet Home & Sch) - Vendors	12,000	32,323	44,323	44,276	47
Contracted Services - (Between Home and School) - Joint Agreement	290,000	(101,904)	188,096	44,307	143,789
Contracted Services (Special Education Students) - Joint Agreements	600,000	(57,243)	542,757	294,096	248,661
Miscellaneous Purchased Services - Transportation	15,550	525	16,075	16,075	
Supplies and Materials	5,216		5,216	3,264	1,952
Transportation Supplies	66,052	32,000	98,052	31,671	66,381
Other Objects	1,500		1,500	1,328	172
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>1,501,684</b>	<b>(22,713)</b>	<b>1,478,971</b>	<b>942,221</b>	<b>536,750</b>
<b>Unallocated Benefits:</b>					
Social Security Contributions	291,000	(39,264)	251,736	140,246	111,490
Other Retirement Contributions - Regular	270,195		270,195	257,992	12,203
Other Retirement	20,000		20,000	7,164	12,836
Unemployment Compensation	60,000		60,000	44,399	15,601
Workman's Compensation	146,500	(15,671)	130,829	120,698	10,131
Health Benefits	2,989,010	(88,707)	2,900,303	2,819,136	81,167
Tuition Reimbursement	30,000	2,500	32,500	28,465	4,035
Other Employee Benefits	111,811	13,898	125,709	125,708	1
<b>Total Unallocated Benefits</b>	<b>3,918,516</b>	<b>(127,244)</b>	<b>3,791,272</b>	<b>3,543,808</b>	<b>247,464</b>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd)					
On-behalf T.P.A.F. Pension Contributions (non-budgeted)				\$ 2,515,409	\$ (2,515,409)
On-behalf T.P.A.F. Pension - Non-Contributory Insurance (non-budgeted)				47,859	(47,859)
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				1,749	(1,749)
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				803,288	(803,288)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				731,144	(731,144)
Total On-behalf Contributions	-	-	-	4,099,449	(4,099,449)
Total Undistributed Expenditures	\$ 13,043,047	\$ (426,056)	\$ 12,616,991	15,550,838	(2,933,847)
Total Current Expense	22,299,142	(669,264)	21,629,878	24,156,138	(2,526,260)
Capital Outlay:					
Interest Deposit to Capital Reserve	250	(250)			-
Equipment:					-
Grades 1-5		26,000	26,000		26,000
Grades 9-12		13,000	13,000	13,000	-
Undistributed Expenditures:					-
Admin Information Technology		8,437	8,437	8,402	35
Maintenance of School Facilities		165,000	165,000	108,360	56,640
Grounds Equipment		7,600	7,600	7,600	-
Undist. Expend.		11,400	11,400		11,400
Security		177,712	177,712		177,712
School Bus - Regular		229,024	229,024	15,604	213,420
Total Equipment	-	638,173	638,173	152,966	485,207
Facilities Acquisition and Construction Services					
Other Purchased Professional / Technical Services	165,000	(165,000)			-
Assessment for Debt Service on SDA Funding	156,872		156,872	156,872	-
Total Facilities Acquisition and Construction Services	321,872	(165,000)	156,872	156,872	-
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures:					
Student Transportation - Equipment				600,000	(600,000)
Total Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	600,000	(600,000)
Total Capital Outlay	322,122	472,923	795,045	909,838	(114,794)
Transfer of Funds to Charter Schools	17,100	(16,850)	250		250
Total Transfer of Funds to Charter Schools	17,100	(16,850)	250		250
Total Expenditures	22,638,364	(213,192)	22,425,172	25,065,976	(2,640,804)

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2021

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (217,005)	\$ (600,289)	\$ (817,294)	\$ 1,061,854	\$ 1,879,148
Other Financing Sources (Uses):					
Local Contribution - Transfer to Special Revenue Fund - Inclusion	(125,950)	52,293	(73,657)	-	73,657
Withdraw from Capital Reserve	165,000		165,000		(165,000)
Assets Acquired Under Capital Leases				600,000	600,000
Total Other Financing Sources (Uses)	<u>39,050</u>	<u>52,293</u>	<u>91,343</u>	<u>600,000</u>	<u>508,657</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(177,955)	(547,996)	(725,951)	1,661,854	2,387,805
Fund Balances, July 1	<u>775,895</u>	<u>(52,359)</u>	<u>723,536</u>	<u>1,503,214</u>	<u>779,678</u>
Fund Balances, June 30	<u>\$ 597,940</u>	<u>\$ (600,355)</u>	<u>\$ (2,415)</u>	<u>\$ 3,165,068</u>	<u>\$ 3,167,483</u>
<b>Recapitulation:</b>					
Restricted:					
Capital Reserve				\$ 811,827	
Excess Surplus				532,273	
Excess Surplus--Designated for Subsequent Year's Expenditures				207,068	
Assigned:					
Other Purposes				370,722	
Designated for Subsequent Year's Expenditures				186,666	
Unassigned				<u>1,056,512</u>	
				3,165,068	
Reconciliation to Governmental Funds Statements(GAAP):					
Last 20-21 State Aid Payment Not Recognized on GAAP Basis				<u>(1,114,999)</u>	
				<u>\$ 2,050,069</u>	

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
Local Sources					
Other Local Grants		\$ 253,109	\$ 253,109	\$ 205,736	\$ (47,373)
Student Activities				198,097	198,097
<b>Total - Local Sources</b>	<u>-</u>	<u>253,109</u>	<u>253,109</u>	<u>403,833</u>	<u>150,724</u>
State Sources:					
NJ Non-Public Nursing	\$ 18,527	(2,717)	15,810	15,810	
NJ Non-Public Textbook Aid	9,962	(493)	9,469	9,453	(16)
NJ Non-Public Technology	6,804	(6,804)		-	-
NJ Non-Public Security	28,650	(1,525)	27,125	27,125	-
Chapter 192 - Auxiliary Services	77,143	(14,752)	62,391	40,311	(22,080)
Chapter 193 - Handicapped Services	66,030	(2,147)	63,883	60,656	(3,227)
Preschool Education Aid	1,238,325		1,238,325	881,108	(357,217)
School Based Youth Service Program	242,126	(15,841)	226,285	226,285	-
Family Friendly Center	45,863	(7,507)	38,356	38,356	-
Addressing Student Learning Loss		156,415	156,415	-	(156,415)
<b>Total - State Sources</b>	<u>1,733,430</u>	<u>104,629</u>	<u>1,838,059</u>	<u>1,299,104</u>	<u>(538,955)</u>
Federal Sources:					
Title I	332,694	94,287	426,981	231,659	(195,322)
Title I Reallocation		44,522	44,522	20,230	(24,292)
Title IIA	68,998	37,979	106,977	56,853	(50,124)
Title III	8,316	(8,316)			
I.D.E.I.A., Part B	334,518	81,631	416,149	413,539	(2,610)
I.D.E.I.A., Part B, Preschool Incentive	16,806	1,928	18,734	18,734	-
Cares Act		362,306	362,306	306,107	(56,199)
Coronavirus Relief Fund		103,455	103,455	103,455	-
Digital Divide		177,329	177,329	177,280	(49)
COVID Non-public Technology Initiative		6,743	6,743	6,743	-
21st Century Community Learning Centers Program	250,000	99,525	349,525	160,104	(189,421)
<b>Total - Federal Sources</b>	<u>1,011,332</u>	<u>1,001,389</u>	<u>2,012,721</u>	<u>1,494,704</u>	<u>(518,017)</u>
<b>Total Revenues</b>	<u>2,744,762</u>	<u>1,359,127</u>	<u>4,103,889</u>	<u>3,197,641</u>	<u>(906,248)</u>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 670,020	\$ 247,924	\$ 917,944	\$ 532,605	\$ 385,339
Other Salaries for Instruction		22,720	22,720	20,960	1,760
Purchased Professional and Technical Services	30,815	128,320	159,135	121,693	37,442
Other Purchased Services	193,561	2,300	195,861	112,685	83,176
General Supplies	535,877	(48,890)	486,987	363,874	123,113
Tuition	327,734	34,693	362,427	362,427	-
Other Objects	8,500	12,030	20,530		20,530
<b>Total Instruction</b>	<u>1,766,507</u>	<u>399,097</u>	<u>2,165,604</u>	<u>1,514,244</u>	<u>651,360</u>
Support Services:					
Salaries Personal Services	527,201	601,653	1,128,854	1,010,828	118,026
Personal Services - Employee Benefits	191,306	76,390	267,696	215,858	51,838
Purchased Professional - Educational Services	213,325	23,310	236,635	196,251	40,384
Purchased Technical Services	6,000	(6,000)	-	-	-
Other Purchased Services (400-500 series)	85,500	47,362	132,862	5,420	127,442
Supplies and Materials	38,668	44,859	83,527	51,441	32,086
Student Activities				173,279	(173,279)
Other Objects	22,205	(2,494)	19,711	5,502	14,209
<b>Total Support Services</b>	<u>1,084,205</u>	<u>785,080</u>	<u>1,869,285</u>	<u>1,658,579</u>	<u>210,706</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	20,000	49,000	69,000	-	69,000
<b>Total Facilities Acquisition and Construction Services</b>	<u>20,000</u>	<u>49,000</u>	<u>69,000</u>	<u>-</u>	<u>69,000</u>
<b>Total Expenditures</b>	<u>2,870,712</u>	<u>1,233,177</u>	<u>4,103,889</u>	<u>3,172,823</u>	<u>931,066</u>
Other Financing Sources (Uses):					
Transfer from Operating Budget - Pre K	125,950	(125,950)			-
<b>Total Outflows</b>	<u>2,744,762</u>	<u>1,359,127</u>	<u>4,103,889</u>	<u>3,172,823</u>	<u>931,066</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,818</u>	<u>\$ 24,818</u>

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Fund Balance, July 1					
Prior Period Adjustment				\$ 265,437	
Fund Balance, July 1 (Restated)				265,437	
Fund Balance, June 30				<u>\$ 290,255</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 290,255	
				290,255	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2021 Last State Aid Payments not recognized on GAAP Basis				(123,833)	
Unearned Fiscal Year 2021 Restricted State Aid Last State Aid Payments Not Recognized on GAAP Basis				<u>123,833</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 290,255</u>	

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 For the Fiscal Year Ended June 30, 2021

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 26,127,830	\$ 3,197,641
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(4,562)
Prior Year		24,359
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 that revenue once the eligibility criteria are met as specified in Note 1 and GASB 33.		
		123,833
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2020		
	1,091,358	96,127
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2021		
	<u>(1,114,999)</u>	<u>(123,833)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 26,104,189</u>	<u>\$ 3,313,564</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 25,065,976	\$ 3,172,823
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(4,562)
Prior Year		24,359
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 25,065,976</u>	<u>\$ 3,192,619</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**



## **ACCOUNTING AND REPORTING FOR PENSIONS**

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

	<b>Measurement Date Ending June 30,</b>							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0242655611%	0.0232079509%	0.0228561652%	0.0226114570%	0.0255715502%	0.0243821386%	0.0262924299%	0.0261298390%
School District's Proportionate Share of the Net Pension Liability	\$ 3,957,078	\$ 4,181,721	\$ 4,500,265	\$ 5,263,586	\$ 7,573,560	\$ 5,473,302	\$ 4,922,662	\$ 4,993,931
School District's Covered Payroll (Plan Measurement Period)	\$ 1,813,520	\$ 1,719,824	\$ 1,664,280	\$ 1,625,892	\$ 1,874,560	\$ 1,756,660	\$ 2,007,976	\$ 1,913,688
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	218.20%	243.15%	270.40%	323.74%	404.02%	311.57%	245.16%	260.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	<b>Fiscal Year Ended June 30,</b>							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 301,816	\$ 265,454	\$ 227,087	\$ 227,345	\$ 209,471	\$ 227,174	\$ 209,621	\$ 216,751
Contributions in Relation to the Contractually Required Contribution	<u>(301,816)</u>	<u>(265,454)</u>	<u>(227,087)</u>	<u>(227,345)</u>	<u>(209,471)</u>	<u>(227,174)</u>	<u>(209,621)</u>	<u>(216,751)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 1,972,500	\$ 1,854,146	\$ 1,717,012	\$ 1,624,947	\$ 1,567,526	\$ 1,629,925	\$ 1,719,534	\$ 1,706,336
Contributions as a Percentage of School District's Covered Payroll	15.30%	14.32%	13.23%	13.99%	13.36%	13.94%	12.19%	12.70%

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

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

	Measurement Date Ending 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>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>54,273,999</u>	<u>48,403,695</u>	<u>52,642,031</u>	<u>55,321,111</u>	<u>63,491,764</u>	<u>51,113,899</u>	<u>42,254,253</u>	<u>39,378,966</u>
	<u>\$ 54,273,999</u>	<u>\$ 48,403,695</u>	<u>\$ 52,642,031</u>	<u>\$ 55,321,111</u>	<u>\$ 63,491,764</u>	<u>\$ 51,113,899</u>	<u>\$ 42,254,253</u>	<u>\$ 39,378,966</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 11,224,652	\$ 10,272,036	\$ 10,137,752	\$ 10,239,960	\$ 9,829,000	\$ 9,408,144	\$ 9,437,536	\$ 9,068,600
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	483.53%	471.22%	519.27%	540.25%	645.96%	543.29%	447.73%	434.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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This schedule is not applicable.

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

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2021

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

Changes in Benefit Terms:

The June 30, 2020 measurement date included one change to the plan provisions. The Division of Pension and Benefits (DPB) adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	5.40%	2016	3.22%
2019	5.60%	2015	4.13%
2018	4.86%	2014	4.68%
2017	4.25%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

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

Changes in Benefit Terms:

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART IV**

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

	Measurement Date Ending June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District</b>				
Changes for the Year:				
Service Cost	\$ 1,623,428	\$ 1,534,306	\$ 1,738,259	\$ 2,097,019
Interest Cost	1,278,450	1,542,825	1,709,899	1,477,512
Difference Between Expected and Actual Experience	8,882,420	(6,027,896)	(5,653,978)	
Changes in Assumptions	10,326,715	527,471	(4,458,674)	(6,276,071)
Gross Benefit Payments	29,831	(1,085,962)	(1,038,938)	(1,077,534)
Member Contributions	(984,201)	32,191	35,907	39,678
Net Change in Total Non-Employer OPEB Liability	21,156,643	(3,477,065)	(7,667,525)	(3,739,396)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	35,376,789	38,853,854	46,521,379	50,260,775
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 56,533,432</u>	<u>\$ 35,376,789</u>	<u>\$ 38,853,854</u>	<u>\$ 46,521,379</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 11,862,499</u>	<u>\$ 11,176,140</u>	<u>\$ 10,424,378</u>	<u>\$ 9,894,593</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	476.57%	316.54%	372.72%	470.17%

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



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part IV  
For the Fiscal Year Ended June 30, 2021

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Changes in Benefit Terms

There were no changes in benefit terms from the previous valuations.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	2.21%	2018	3.87%
2019	3.50%	2017	3.58%

The mortality assumption was updated upon the direction from the Division of Pension and Benefits (DPB).

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. The ultimate trend for medical and prescription drug benefits was lowered from 5.0% to 4.5%. Recent plan experience along with national trend studies indicate a reduction on the expectations of future long-term medical and prescription drug experience. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023, the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% decreasing to a 4.5% long-term trend rate after seven years.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2021

	Total	Other Local Grants	Student Activities	Chapter 192		Chapter 193			Total Carried Forward
				Nonpublic Compensatory Education	Nonpublic Transportation	Nonpublic Examination and Classification	Nonpublic Corrective Speech	Nonpublic Supplementary Instruction	
<b>REVENUES:</b>									
Federal Sources	\$ 1,494,704								\$ 1,494,704
State Sources	1,299,104			\$ 36,839	\$ 3,472	\$ 25,080	\$ 23,514	\$ 12,062	1,198,137
Local Sources	403,833	\$ 205,736	\$ 198,097						-
<b>Total Revenues</b>	<b>\$ 3,197,641</b>	<b>\$ 205,736</b>	<b>\$ 198,097</b>	<b>\$ 36,839</b>	<b>\$ 3,472</b>	<b>\$ 25,080</b>	<b>\$ 23,514</b>	<b>\$ 12,062</b>	<b>\$ 2,692,841</b>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries of Teachers	\$ 532,605								\$ 532,605
Other Salaries for Instruction	20,960								20,960
Purchased Professional and Technical Services	121,693	\$ 1,876							119,817
Other Purchased Services	112,685	585							112,100
General Supplies	363,874	9,905							353,969
Tuition	362,427								362,427
<b>Total Instruction</b>	<b>1,514,244</b>	<b>12,366</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,501,878</b>
<b>Support Services:</b>									
Salaries Personal Services	1,010,828	170,234							840,594
Personal Services - Employee Benefits	215,858	10,557							205,301
Purchased Professional - Educational Services	196,251	6,000		\$ 36,839	\$ 3,472	\$ 25,080	\$ 23,514	\$ 12,062	89,284
Other Purchased Services (400-500 series)	5,420								5,420
Supplies and Materials	51,441	6,579							44,862
Other Objects	5,502								5,502
Student Activities	173,279		\$ 173,279						
<b>Total Support Services</b>	<b>1,658,579</b>	<b>193,370</b>	<b>173,279</b>	<b>36,839</b>	<b>3,472</b>	<b>25,080</b>	<b>23,514</b>	<b>12,062</b>	<b>1,190,963</b>
<b>Total Expenditures</b>	<b>3,172,823</b>	<b>205,736</b>	<b>173,279</b>	<b>36,839</b>	<b>3,472</b>	<b>25,080</b>	<b>23,514</b>	<b>12,062</b>	<b>2,692,841</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,818	-	24,818	-	-	-	-	-	-
Fund Balance, July 1	-								
Prior Period Adjustment	265,437		265,437						
Fund Balance, July 1 (Restated)	265,437		265,437						
Fund Balance, June 30	\$ 290,255	\$ -	\$ 290,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2021

	Total Carried Forward	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Security	Preschool Education Aid	School Based Youth Service Program Clayton Place	Family Friendly Center	COVID Non-public Technology Initiative	Total Brought Forward
<b>REVENUES:</b>									
Federal Sources	\$ 1,494,704							\$ 6,743	\$ 1,487,961
State Sources	1,198,137	\$ 9,453	\$ 15,810	\$ 27,125	\$ 881,108	\$ 226,285	\$ 38,356		-
Local Sources	-								-
<b>Total Revenues</b>	<b>\$ 2,692,841</b>	<b>\$ 9,453</b>	<b>\$ 15,810</b>	<b>\$ 27,125</b>	<b>\$ 881,108</b>	<b>\$ 226,285</b>	<b>\$ 38,356</b>	<b>\$ 6,743</b>	<b>\$ 1,487,961</b>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries of Teachers	\$ 532,605				\$ 394,516				\$ 138,089
Other Salaries for Instruction	20,960								20,960
Purchased Professional and Technical Services	119,817								119,817
Other Purchased Services	112,100				112,100				-
General Supplies	353,969				27,074			\$ 6,743	320,152
Tuition	362,427								362,427
<b>Total Instruction</b>	<b>1,501,878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>533,690</b>	<b>-</b>	<b>-</b>	<b>6,743</b>	<b>961,445</b>
<b>Support Services:</b>									
Salaries Personal Services	840,594				215,334	\$ 184,195	\$ 32,899		408,166
Personal Services - Employee Benefits	205,301				126,675	29,694	2,018		46,914
Purchased Professional - Educational Services	89,284	\$ 9,453	\$ 15,810	\$ 27,125					36,896
Other Purchased Services (400-500 series)	5,420				4,564				856
Supplies and Materials	44,862					7,739	3,439		33,684
Other Objects	5,502				845	4,657			-
<b>Total Support Services</b>	<b>1,190,963</b>	<b>9,453</b>	<b>15,810</b>	<b>27,125</b>	<b>347,418</b>	<b>226,285</b>	<b>38,356</b>		<b>526,516</b>
<b>Total Expenditures</b>	<b>2,692,841</b>	<b>9,453</b>	<b>15,810</b>	<b>27,125</b>	<b>881,108</b>	<b>226,285</b>	<b>38,356</b>	<b>6,743</b>	<b>1,487,961</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-								
Prior Period Adjustment	-								
Fund Balance, July 1 (Restated)	-								
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2021

	Total Carried Forward	Title I Part A	Title I Reallocation	Title II Part A	I.D.E.A. Part B Basic	I.D.E.A. Preschool	Cares Emergency Relief Fund	Coronavirus Relief Fund	Digital Divide	CCLC
<b>REVENUES:</b>										
Federal Sources	\$ 1,487,961	\$ 231,659	\$ 20,230	\$ 56,853	\$ 413,539	\$ 18,734	\$ 306,107	\$ 103,455	\$ 177,280	\$ 160,104
State Sources	-									
Local Sources	-									
<b>Total Revenues</b>	<b>\$ 1,487,961</b>	<b>\$ 231,659</b>	<b>\$ 20,230</b>	<b>\$ 56,853</b>	<b>\$ 413,539</b>	<b>\$ 18,734</b>	<b>\$ 306,107</b>	<b>\$ 103,455</b>	<b>\$ 177,280</b>	<b>\$ 160,104</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Salaries of Teachers	\$ 138,089	\$ 118,645								\$ 19,444
Other Salaries for Instruction	20,960	20,960								
Purchased Professional and Technical Services	119,817	60,585			\$ 24,988	\$ 18,734	\$ 4,700	\$ 8,130		2,680
Other Purchased Services	-									
General Supplies	320,152	19,231	\$ 1,200		826		24,286	95,325	\$ 177,280	2,004
Tuition	362,427				362,427					
<b>Total Instruction</b>	<b>961,445</b>	<b>219,421</b>	<b>1,200</b>		<b>388,241</b>	<b>18,734</b>	<b>28,986</b>	<b>103,455</b>	<b>177,280</b>	<b>24,128</b>
<b>Support Services:</b>										
Salaries Personal Services	408,166		13,250	\$ 50,081	23,500		229,922			91,413
Personal Services - Employee Benefits	46,914	9,080	5,630		1,798					30,406
Purchased Professional - Educational Services	36,896			4,909			19,987			12,000
Purchased Technical Services	-									
Other Purchased Services (400-500 series)	856									856
Supplies and Materials	33,684	3,158	150	1,863			27,212			1,301
Other Objects	-									
<b>Total Support Services</b>	<b>526,516</b>	<b>12,238</b>	<b>19,030</b>	<b>56,853</b>	<b>25,298</b>		<b>277,121</b>			<b>135,976</b>
<b>Total Expenditures</b>	<b>1,487,961</b>	<b>231,659</b>	<b>20,230</b>	<b>56,853</b>	<b>413,539</b>	<b>18,734</b>	<b>306,107</b>	<b>103,455</b>	<b>177,280</b>	<b>160,104</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-									
Prior Period Adjustment	-									
Fund Balance, July 1 (Restated)	-									
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Special Revenue Fund  
Preschool Education Aid Schedule - Budgetary Basis  
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
Instruction			
Salaries of Teachers	\$ 434,252	\$ 394,516	\$ 39,736
Other Purchased Services	193,561	112,100	81,461
Supplies	255,762	27,074	228,688
Other Objects	8,500	-	8,500
	<u>892,075</u>	<u>533,690</u>	<u>358,385</u>
Total instruction			
Support services			
Salaries Personal Services	219,814	215,334	4,480
Personal Services - Employee Benefits	128,886	126,675	2,211
Other Purchased Services (400-500 series)	91,500	4,564	86,936
Supplies	10,000	-	10,000
Other Objects	2,000	845	1,155
	<u>452,200</u>	<u>347,418</u>	<u>104,782</u>
Total support services			
Facilities Acquisition and Construction Services			
Instructional Equipment	10,000	-	10,000
Noninstructional Equipment	10,000	-	10,000
	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Facilities Acquisition and Construction Services			
Total expenditures			
	<u>\$ 1,364,275</u>	<u>\$ 881,108</u>	<u>\$ 483,167</u>

**Calculation of Budget and Carryover**

Total Revised 2020-2021 Preschool Education Aid Allocation	\$ 1,238,325
Add: Actual ECPA Carryover (June 30, 2020)	155,815
Add: Budgeted Local Revenue	-
Add: Budgeted Transfer from the General Fund 2020-21	<u>-</u>
Total Preschool Education Aid Funds Available for 2020-2021 Budget	1,394,140
Less: 2020-2021 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(1,364,275)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2021	29,865
Add: 2020-2021 Unexpended Preschool Education Aid	483,167
Less: 2020-2021 Commissioner Approved Transfer to General Fund	<u>-</u>
2020-2021 Carryover -- Preschool Education Aid	<u>\$ 513,032</u>
2020-2021 Preschool Education Aid Carryover Budgeted in 2021-2022	<u>\$ -</u>

**PROPRIETARY FUNDS**



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Proprietary Funds  
 Statement of Net Position  
 June 30, 2021

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 335,315	\$ 38,205	\$ 373,520
Accounts Receivable:			
State	4,928		4,928
Federal	97,092		97,092
Other		6,680	6,680
Interfund	3,885		3,885
Inventories	10,690		10,690
Total Current Assets	<u>451,910</u>	<u>44,885</u>	<u>496,795</u>
Noncurrent Assets:			
Equipment	353,558		353,558
Less Accumulated Depreciation	<u>289,730</u>		<u>289,730</u>
Total Noncurrent Assets	<u>63,828</u>	<u>-</u>	<u>63,828</u>
Total Assets	<u>515,738</u>	<u>44,885</u>	<u>560,623</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	<u>1,866</u>		<u>1,866</u>
Total Current Liabilities	<u>1,866</u>	<u>-</u>	<u>1,866</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	63,828	-	63,828
Unrestricted	<u>450,044</u>	<u>44,885</u>	<u>494,929</u>
Total Net Position	<u>\$ 513,872</u>	<u>\$ 44,885</u>	<u>\$ 558,757</u>

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 4,906		\$ 4,906
Daily Sales - Non-Reimbursable Programs	2,026		2,026
Rent		\$ 67,265	67,265
Total Operating Revenues	<u>6,932</u>	<u>67,265</u>	<u>74,197</u>
OPERATING EXPENSES:			
Salaries	204,486	22,283	226,769
Employee Benefits			
Supplies and Materials	17,238	97	17,335
Cost of Sales - Reimbursable Programs	196,252		196,252
Cost of Sales - Non-Reimbursable Programs	499		499
Management Fee	66,946		66,946
Repair and Maintenance	2,009		2,009
Depreciation	8,979		8,979
Total Operating Expenses	<u>496,409</u>	<u>22,380</u>	<u>518,789</u>
Operating Income (Loss)	<u>(489,477)</u>	<u>44,885</u>	<u>(444,592)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	23,099		23,099
Federal Sources:			
Healthy Hunger Free Kids Program	8,229		8,229
National School Lunch Program	415,011		415,011
School Breakfast Program	273,525		273,525
United States Department of Agriculture Commodities	53,763		53,763
Emergency Operational Cost Program	41,002		41,002
P-EBT Administrative Cost	614		614
Interest and Investment Revenue	114		114
Total Nonoperating Revenues	<u>815,357</u>		<u>815,357</u>
Change in Net Position	325,880	44,885	370,765
Total Net Position -- July 1	<u>187,992</u>	<u>-</u>	<u>187,992</u>
Total Net Position -- June 30	<u>\$ 513,872</u>	<u>\$ 44,885</u>	<u>\$ 558,757</u>

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 6,932	\$ 60,585	\$ 67,517
Payments to Employees	(204,486)	(22,283)	(226,769)
Payments to Suppliers	(228,511)	(97)	(228,608)
Net Cash Provided by (used for) Operating Activities	<u>(426,065)</u>	<u>38,205</u>	<u>(387,860)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Cash Received from State and Federal Reimbursements	<u>677,988</u>		<u>677,988</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>677,988</u>		<u>677,988</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends	<u>114</u>		<u>114</u>
Net Cash Provided by (used for) Investing Activities	<u>114</u>	<u>-</u>	<u>114</u>
Net Increase (Decrease) in Cash and Cash Equivalents	252,037	38,205	290,242
Cash and Cash Equivalents -- July 1	<u>83,278</u>		<u>83,278</u>
Cash and Cash Equivalents -- June 30	<u>\$ 335,315</u>	<u>\$ 38,205</u>	<u>\$ 373,520</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	<u>\$ (489,477)</u>	<u>\$ 44,885</u>	<u>\$ (444,592)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	8,979		8,979
Federal Commodities	53,763		53,763
(Increase) Decrease in Accounts Receivable Other		(6,680)	(6,680)
(Increase) Decrease in Inventories	4,477		4,477
Increase (Decrease) in Other Current Liabilities	(3,807)		(3,807)
Total Adjustments	<u>63,412</u>	<u>(6,680)</u>	<u>56,732</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (426,065)</u>	<u>\$ 38,205</u>	<u>\$ (387,860)</u>

**LONG-TERM DEBT**

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2020	Issued	Retired	Balance June 30, 2021	
			Date	Amount						
Serial Bonds:										
School Bond - Series 2010	1/28/10	\$ 10,017,000			3.750%	\$ 370,000		\$ 370,000		
School Bond - Series 2015	3/18/15	9,730,000	3/1/22	\$ 320,000	3.125%	8,580,000		310,000	\$ 8,270,000	
			3/1/23	330,000	3.125%					
			3/1/24	340,000	3.125%					
			3/1/25	355,000	3.125%					
			3/1/26	370,000	3.125%					
			3/1/27	385,000	3.125%					
			3/1/28	400,000	3.125%					
			3/1/29	415,000	3.125%					
			3/1/30	430,000	3.125%					
			3/1/31	445,000	3.125%					
			3/1/32	455,000	3.125%					
			3/1/33	465,000	3.125%					
			3/1/34	480,000	3.250%					
			3/1/35	490,000	3.250%					
			3/1/36	500,000	3.250%					
			3/1/37	515,000	3.375%					
			3/1/38	525,000	3.500%					
			3/1/39	525,000	4.000%					
			3/1/40	525,000	4.000%					
Refunding Bonds of 2020	5/14/20	7,065,000	9/1/21	365,000	4.000%	7,065,000		115,556	6,949,444	
			9/1/22	385,000	4.000%					
			9/1/23	405,000	4.000%					
			9/1/24	420,000	4.000%					
			9/1/25	440,000	2.000%					
			9/1/26	450,000	2.000%					
			9/1/27	470,000	4.000%					
			9/1/28	490,000	4.000%					
			9/1/29	520,000	4.000%					
			9/1/30	540,000	4.000%					
			9/1/31	570,000	4.000%					
			9/1/32	600,000	4.000%					
			9/1/33	625,000	4.000%					
			9/1/34	669,444	4.000%					
						<u>\$ 16,015,000</u>	<u>\$ -</u>	<u>\$ 795,556</u>	<u>\$ 15,219,444</u>	
Unamortized premium									776,138	
									<u>\$ 15,995,582</u>	

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2021

Series	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate Payable	Amount Outstanding June 30, 2020 (a)	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2021 (a)
			Principal	Interest					
Buses, Technology and Equipment	6/15/2017	5 yrs.	\$ 700,552	\$ 30,371	1.85%	\$ 306,919	\$ -	\$ 152,053	\$ 154,866
Buses, Technology and Equipment	6/26/2020	5 yrs.	600,000	26,707	1.79%	-	600,000	48,205	551,795
						<u>\$ 306,919</u>	<u>\$ 600,000</u>	<u>\$ 200,258</u>	<u>\$ 706,661</u>

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,168,190	_____	\$ 1,168,190	\$ 1,168,190	_____
State Sources:					
Debt Service Aid Type II	111,704	_____	111,704	111,704	_____
Total Revenues	<u>1,279,894</u>	_____	<u>1,279,894</u>	<u>1,279,894</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	599,894	_____	484,338	481,938	\$ 2,400
Redemption of Principal	680,000	_____	795,556	795,556	_____
Total Regular Debt Service	<u>1,279,894</u>	_____	<u>1,279,894</u>	<u>1,277,494</u>	<u>2,400</u>
Total Expenditures	<u>1,279,894</u>	_____	<u>1,279,894</u>	<u>1,277,494</u>	<u>2,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				2,400	2,400
Fund Balance, July 1	_____	_____	_____	5,629	(5,629)
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,029</u>	<u>\$ (3,229)</u>

**STATISTICAL SECTION**



## **Financial Trends Information**

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

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

	Fiscal Year Ending June 30.									
	2021**	2020	2019	2018	2017	2016	2015*	2014	2013	2012
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 13,994,228	\$ 14,139,432	\$ 14,545,809	\$ 15,067,002	\$ 15,893,719	\$ 12,210,291	\$ 8,425,051	\$ 17,126,337	\$ 17,369,817	\$ 16,944,785
Restricted	1,849,452	571,055	480,760	934,619	1,012,146	4,958,988	9,898,712	1,687,656	2,081,430	1,709,166
Unrestricted (Deficit)	(5,365,144)	(6,417,876)	(6,202,285)	(6,096,211)	(6,060,518)	(5,401,545)	(5,819,464)	(501,567)	(833,979)	(737,000)
<b>Total Governmental Activities Net Position</b>	<b>\$ 10,478,536</b>	<b>\$ 8,292,611</b>	<b>\$ 8,824,284</b>	<b>\$ 9,905,410</b>	<b>\$ 10,845,347</b>	<b>\$ 11,767,734</b>	<b>\$ 12,504,299</b>	<b>\$ 18,312,426</b>	<b>\$ 18,617,268</b>	<b>\$ 17,916,951</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 63,828	\$ 72,807	\$ 72,807	\$ 93,227	\$ 105,535	\$ 109,568	\$ 46,885	\$ 57,215	\$ 71,852	\$ 148,799
Unrestricted	494,929	115,185	113,610	142,577	154,652	141,153	202,101	207,846	130,965	89,777
<b>Total Business-type Activities Net Position</b>	<b>\$ 558,757</b>	<b>\$ 187,992</b>	<b>\$ 186,417</b>	<b>\$ 235,804</b>	<b>\$ 260,187</b>	<b>\$ 250,721</b>	<b>\$ 248,986</b>	<b>\$ 265,061</b>	<b>\$ 202,817</b>	<b>\$ 238,576</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 14,058,056	\$ 14,212,239	\$ 14,618,616	\$ 15,160,229	\$ 15,999,254	\$ 12,319,859	\$ 8,471,936	\$ 17,183,552	\$ 17,441,669	\$ 17,093,584
Restricted	1,849,452	571,055	480,760	934,619	1,012,146	4,958,988	9,898,712	1,687,656	2,081,430	1,709,166
Unrestricted (Deficit)	(4,870,215)	(6,302,691)	(6,088,675)	(5,953,634)	(5,905,866)	(5,260,392)	(5,617,363)	(293,721)	(703,014)	(647,223)
<b>Total District-wide Net Position</b>	<b>\$ 11,037,293</b>	<b>\$ 8,480,603</b>	<b>\$ 9,010,701</b>	<b>\$ 10,141,214</b>	<b>\$ 11,105,534</b>	<b>\$ 12,018,455</b>	<b>\$ 12,753,285</b>	<b>\$ 18,577,487</b>	<b>\$ 18,820,085</b>	<b>\$ 18,155,527</b>

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

\*\* For the fiscal year ended June 30, 2021, the School District adopted GASB No. 84, which required the School District to report several funds that were previously reported as fiduciary fund type as governmental activities and governmental fund type. Balances prior to June 30, 2021 are shown as originally reported and have not been restated for this adoption.

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

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

	Fiscal Year Ending June 30,									
	2021**	2020	2019	2018	2017	2016	2015*	2014	2013	2012
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 8,272,196	\$ 8,678,026	\$ 8,098,216	\$ 8,179,123	\$ 7,506,505	\$ 7,386,907	\$ 7,361,734	\$ 9,418,124	\$ 8,895,815	\$ 8,511,190
Special Education	1,568,555	1,412,025	1,606,489	1,993,424	2,015,086	1,875,425	1,546,903	2,245,943	2,125,994	2,320,908
Other Instruction	843,246	845,873	841,754	696,709	622,055	639,403	757,159	865,437	691,470	869,407
Support Services:										
Tuition	1,935,742	2,052,894	1,886,946	1,687,761	1,266,009	1,683,963	1,374,384	1,012,585	1,412,073	1,638,314
Student & Instruction Related Services	3,913,802	3,463,652	3,549,786	2,984,981	2,709,499	2,764,112	2,607,540	3,374,956	3,778,608	3,916,950
General Administrative Services	484,989	475,209	475,705	490,636	466,160	467,282	463,038	427,067	384,920	453,296
School Administrative Services	1,082,243	1,084,855	1,055,421	939,519	1,012,850	1,006,026	1,009,556	1,905,491	1,862,950	1,767,181
Central Services	340,313	341,730	321,016	317,920	279,232	276,765	262,968			
Administrative Information Technology	161,357	163,941	128,079	120,593	125,496	100,457	114,762			
Plant Operations and Maintenance	1,342,504	1,534,057	1,577,379	1,541,896	1,519,818	1,564,456	1,553,580	2,244,318	2,081,648	2,112,102
Pupil Transportation	738,883	1,145,385	1,203,924	839,399	887,879	850,770	879,291	800,164	822,445	880,756
Unallocated Benefits	10,338,013	7,969,099	11,316,376	11,141,478	10,243,274	5,955,626	5,898,914			
Interest on Long-term Debt	453,394	830,170	792,683	812,537	989,537	581,074	474,777	420,347	384,664	471,521
<b>Total Governmental Activities Expenses</b>	<b>31,475,237</b>	<b>29,996,916</b>	<b>32,853,774</b>	<b>31,745,976</b>	<b>29,643,400</b>	<b>25,152,266</b>	<b>24,304,606</b>	<b>22,714,432</b>	<b>22,440,587</b>	<b>22,941,625</b>
Business-type Activities:										
Food Service	496,409	622,792	622,792	748,970	738,014	742,946	649,704	553,581	654,518	553,477
Performing Arts Center	22,380									
<b>Total Business-type Activities Expense</b>	<b>518,789</b>	<b>622,792</b>	<b>622,792</b>	<b>748,970</b>	<b>738,014</b>	<b>742,946</b>	<b>649,704</b>	<b>553,581</b>	<b>654,518</b>	<b>553,477</b>
<b>Total District Expenses</b>	<b>\$ 31,994,026</b>	<b>\$ 30,619,708</b>	<b>\$ 33,476,565</b>	<b>\$ 32,494,946</b>	<b>\$ 30,381,414</b>	<b>\$ 25,895,212</b>	<b>\$ 24,954,310</b>	<b>\$ 23,268,013</b>	<b>\$ 23,095,105</b>	<b>\$ 23,495,102</b>

(continued)

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

	Fiscal Year Ending June 30,									
	2021**	2020	2019	2018	2017	2016	2015*	2014	2013	2012
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)	\$ 423,025	\$ 201,051	\$ 201,051	\$ 195,207	\$ 185,006	\$ 302,426	\$ 377,792	\$ 383,352	\$ 416,185	\$ 94,911
Operating Grants and Contributions	5,813,545	3,772,103	7,358,549	7,414,149	2,574,856	2,625,395	2,219,717	1,977,892	2,428,089	2,419,161
<b>Total Governmental Activities Program Revenues</b>	<b>6,236,570</b>	<b>3,973,154</b>	<b>7,559,600</b>	<b>7,609,356</b>	<b>2,759,862</b>	<b>2,927,821</b>	<b>2,597,509</b>	<b>2,361,244</b>	<b>2,844,274</b>	<b>2,514,072</b>
Business-type activities:										
Charges for services:										
Food Service	6,932	173,364	173,364	242,594	224,722	217,356	213,244	193,346	197,050	202,169
Performing Arts Center	67,265									
Operating Grants and Contributions:										
Food Service	815,243	406,001	404,426	481,748	522,543	527,020	420,019	422,236	416,185	369,750
Performing Arts Center	-									
<b>Total Business-type Activities Program Revenues</b>	<b>889,440</b>	<b>579,365</b>	<b>577,790</b>	<b>724,342</b>	<b>747,265</b>	<b>744,376</b>	<b>633,263</b>	<b>615,582</b>	<b>613,235</b>	<b>571,919</b>
<b>Total District Program Revenues</b>	<b>\$ 7,126,010</b>	<b>\$ 4,552,519</b>	<b>\$ 8,137,390</b>	<b>\$ 8,333,698</b>	<b>\$ 3,507,127</b>	<b>\$ 3,672,197</b>	<b>\$ 3,230,772</b>	<b>\$ 2,976,826</b>	<b>\$ 3,457,509</b>	<b>\$ 3,085,991</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (25,238,667)	\$ (26,023,762)	\$ (25,294,173)	\$ (24,136,620)	\$ (26,883,538)	\$ (22,224,445)	\$ (21,707,097)	\$ (20,353,188)	\$ (19,596,313)	\$ (20,427,473)
Business-type Activities	370,651	(43,427)	(45,002)	(24,628)	9,251	1,430	(16,441)	62,001	(35,930)	18,442
<b>Total District-wide Net Expense</b>	<b>\$ (24,868,016)</b>	<b>\$ (26,067,189)</b>	<b>\$ (25,339,175)</b>	<b>\$ (24,161,248)</b>	<b>\$ (26,874,287)</b>	<b>\$ (22,223,015)</b>	<b>\$ (21,723,538)</b>	<b>\$ (20,291,187)</b>	<b>\$ (19,632,243)</b>	<b>\$ (20,409,031)</b>

(continued)

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

	Fiscal Year Ending June 30,									
	2021**	2020	2019	2018	2017	2016	2015*	2014	2013	2012
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 9,036,488	\$ 8,780,470	\$ 8,780,470	\$ 8,439,514	\$ 8,221,569	\$ 7,960,694	\$ 7,711,155	\$ 7,559,956	\$ 7,411,722	\$ 7,164,595
Taxes Levied for Debt Service	1,168,190	1,161,794	1,161,794	1,148,857	1,113,829	971,866	847,062	692,859	924,356	902,701
Federal & State Aid not Restricted	16,594,388	15,158,736	14,487,194	13,270,811	16,425,223	12,056,485	11,782,620	11,322,732	11,358,679	10,862,334
State Aid Restricted	59652.00	24,614	24,614	4,916	12,834	50,911	279,744	288,728	303,406	302,671
Transportation								17,749	24,501	24,863
Investment Earnings	2,261	6,781	6,781	4,019	2,701	2,689	4,353	249	4,884	1,789
Miscellaneous Income	298,176	359,694	372,630	335,705	184,995	445,235	267,967	166,073	269,082	181,213
Loss on Disposal of Capital Assets				(7,139)						
Transfers										(306,971)
<b>Total Governmental Activities</b>	<b>27,159,155</b>	<b>25,492,089</b>	<b>24,833,483</b>	<b>23,196,683</b>	<b>25,961,151</b>	<b>21,487,880</b>	<b>20,892,901</b>	<b>20,048,346</b>	<b>20,296,630</b>	<b>19,133,195</b>
Business-type Activities:										
Investment Earnings	114	503	503	245	215	305	366	243	171	163
<b>Total Business-type Activities</b>	<b>114</b>	<b>503</b>	<b>503</b>	<b>245</b>	<b>215</b>	<b>305</b>	<b>366</b>	<b>243</b>	<b>171</b>	<b>163</b>
<b>Total District-wide</b>	<b>\$ 27,159,269</b>	<b>\$ 25,492,592</b>	<b>\$ 24,833,986</b>	<b>\$ 23,196,928</b>	<b>\$ 25,961,366</b>	<b>\$ 21,488,185</b>	<b>\$ 20,893,267</b>	<b>\$ 20,048,589</b>	<b>\$ 20,296,801</b>	<b>\$ 19,133,358</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,920,488	\$ (531,673)	\$ (460,690)	\$ (939,937)	\$ (922,387)	\$ (736,565)	\$ (814,196)	\$ (304,842)	\$ 700,317	\$ (1,294,278)
Business-type Activities	370,765	(42,924)	(44,499)	(24,383)	9,466	1,735	(16,075)	62,244	(35,759)	18,605
<b>Total District</b>	<b>\$ 2,291,253</b>	<b>\$ (574,597)</b>	<b>\$ (505,189)</b>	<b>\$ (964,320)</b>	<b>\$ (912,921)</b>	<b>\$ (734,830)</b>	<b>\$ (830,271)</b>	<b>\$ (242,598)</b>	<b>\$ 664,558</b>	<b>\$ (1,275,673)</b>

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

\*\* For the fiscal year ended June 30, 2021, the School District adopted GASB No. 84, which required the School District to report several funds that were previously reported as fiduciary fund type as governmental activities and governmental fund type. Balances prior to June 30, 2021 are shown as originally reported and have not been restated for this adoption.

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

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2021**</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>
General Fund										
Restricted	\$ 2,108,556	\$ 928,627	\$ 1,064,869	\$ 1,664,171	\$ 1,732,402	\$ 1,304,885	\$ 1,509,348	\$ 2,066,924	\$ 1,938,673	\$ 1,571,848
Unassigned (Deficit)	<u>(58,487)</u>	<u>(516,771)</u>	<u>(539,165)</u>	<u>(510,752)</u>	<u>(567,188)</u>	<u>(511,917)</u>	<u>(526,824)</u>	<u>(551,601)</u>	<u>(547,140)</u>	<u>(469,797)</u>
Total General Fund	<u>\$ 2,050,069</u>	<u>\$ 411,856</u>	<u>\$ 525,704</u>	<u>\$ 1,153,419</u>	<u>\$ 1,165,214</u>	<u>\$ 792,968</u>	<u>\$ 982,524</u>	<u>\$ 1,515,323</u>	<u>\$ 1,391,533</u>	<u>\$ 1,102,051</u>
All Other Governmental Funds										
Restricted	\$ 298,284	\$ 5,629			\$ 23,177	\$ 4,287,754	\$ 8,458,233	\$ 1,002	\$ 171,221	\$ 170,220
Unassigned (Deficit), Reported in:										
Special Revenue Fund		(96,127)	\$ (32,214)	\$ (32,214)	(32,214)	(32,214)	(29,913)	(28,379)	(32,134)	(32,270)
Total All Other Governmental Funds	<u>\$ 298,284</u>	<u>\$ (90,498)</u>	<u>\$ (32,214)</u>	<u>\$ (32,214)</u>	<u>\$ (9,037)</u>	<u>\$ 4,255,540</u>	<u>\$ 8,428,320</u>	<u>\$ (27,377)</u>	<u>\$ 139,087</u>	<u>\$ 137,950</u>

\*\* For the fiscal year ended June 30, 2021, the School District adopted GASB No. 84, which required the School District to report several funds that were previously reported as fiduciary fund type as governmental activities and governmental fund type. Balances prior to June 30, 2021 are shown as originally reported and have not been restated for this adoption.

Source: District Records

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

	Fiscal Year Ending June 30,									
	2021**	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>										
Tax Levy	\$ 10,204,678	\$ 9,942,264	\$ 9,942,264	\$ 9,588,371	\$ 9,335,398	\$ 8,932,560	\$ 8,558,217	\$ 8,252,815	\$ 8,336,078	\$ 8,067,296
Tuition Charges	224,928	201,051	201,051	195,207	185,006	302,426	377,792	383,352	416,185	94,991
Interest Earnings	2,261	6,781	6,781	4,019	2,701	2,689	4,353	249	4,884	1,789
Transportation	59,652	24,614	24,614	4,916	12,834	50,911		17,749	24,501	24,863
Miscellaneous	222,355	289,036	301,972	266,424	116,797	379,597	203,640	100,571	200,551	128,824
State Sources	17,932,399	16,337,267	15,204,648	13,950,158	13,196,047	12,760,433	12,770,481	12,327,266	12,450,970	11,349,260
Federal Sources	1,573,416	1,130,888	1,888,976	1,694,375	1,647,700	1,574,175	1,174,334	957,312	1,575,292	1,917,386
Local Sources	477,958	407,736	375,346	414,561	376,909	412,910	401,593	370,276	132,443	62,938
<b>Total Revenue</b>	<b>30,697,647</b>	<b>28,339,637</b>	<b>27,945,652</b>	<b>26,118,031</b>	<b>24,873,392</b>	<b>24,415,701</b>	<b>23,490,410</b>	<b>22,409,590</b>	<b>23,140,904</b>	<b>21,647,347</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	7,535,277	7,967,573	7,690,699	7,438,380	6,804,333	6,813,283	6,768,507	6,173,593	6,052,303	5,296,670
Special Education Instruction	1,455,197	1,294,164	1,457,989	1,857,803	1,845,964	1,746,289	1,430,636	1,529,854	1,496,740	1,513,907
Other Special Instruction	20,960	21,385	35,224	35,224	36,298	43,865	76,519			
Other Instruction	766,483	772,631	772,631	599,808	564,791	540,442	620,557	556,400	462,640	531,689
Adult/Continuing Education Programs										
Support Services:										
Tuition	1,935,742	2,052,894	2,070,193	1,687,761	1,266,009	1,683,963	1,374,384	1,012,585	1,412,073	1,638,314
Student & Instruction Related Services	3,688,761	3,243,861	3,434,353	2,787,157	2,523,989	2,578,251	2,449,209	2,384,489	2,805,669	2,824,922
General Administrative&BusinessServices	484,989	475,209	475,209	490,636	466,160	467,282	463,038	427,067	384,918	453,296
School Administrative Services	983,723	990,920	990,920	851,918	919,611	912,954	920,437	906,008	907,994	797,524
Central Services	309,333	312,140	312,140							
Other Administrative Services	146,668	149,746	149,746	397,626	367,471	342,324	344,386	319,055	338,444	283,201
Plant Operations and Maintenance	1,220,292	1,401,227	1,401,227	1,398,129	1,367,159	1,419,722	1,416,437	1,442,898	1,392,761	1,291,662
Pupil Transportation	939,140	1,294,676	1,366,311	937,162	887,879	850,770	879,291	800,164	822,445	880,756
Unallocated Employee Benefits	7,859,111	6,985,085	6,446,892	6,410,961	5,916,798	5,865,653	5,857,860	5,473,022	5,272,964	4,671,624
Capital Outlay	756,047	126,680		546,292	4,355,331	4,541,373	1,568,443	275,323	274,573	5,064,852
Debt Service:										
Principal	795,556	650,000	644,371	595,000	605,000	295,000	725,000	715,000	767,000	745,000
Interest and Other Charges	638,810	773,581	779,210	819,697	838,930	676,866	402,808	436,806	459,761	482,878
<b>Total Expenditures</b>	<b>29,536,089</b>	<b>28,511,772</b>	<b>28,080,381</b>	<b>26,853,554</b>	<b>28,765,723</b>	<b>28,778,037</b>	<b>25,297,512</b>	<b>22,452,264</b>	<b>22,850,285</b>	<b>26,476,295</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,161,558	(172,135)	(134,729)	(735,523)	(3,892,331)	(4,362,336)	(1,807,102)	(42,674)	290,619	(4,828,948)
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-budgeted)	600,000			700,551						
Bond Proceeds							9,730,000			
Proceeds of issuance of Refunding Bonds	-	7,065,000								
Premium from Issuance of Refunding Bonds	-	862,375								
Payment to Escrow for Refunding of 2020 General Obligation Bonds	-	(7,927,375)								
Transfers In	-			58,145	58,145	58,145	65,788		772	172,009
Transfers Out	-			(58,145)	(58,145)	(58,145)	(65,788)		(772)	(172,009)
<b>Total Other Financing Sources (Uses)</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>700,551</b>	<b>-</b>	<b>-</b>	<b>9,730,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,761,558</b>	<b>\$ (172,135)</b>	<b>\$ (134,729)</b>	<b>\$ (34,972)</b>	<b>\$ (3,892,331)</b>	<b>\$ (4,362,336)</b>	<b>\$ 7,922,898</b>	<b>\$ (42,674)</b>	<b>\$ 290,619</b>	<b>\$ (4,828,948)</b>
Debt Service as a Percentage of Noncapital Expenditures	5.0%	5.0%	5.1%	5.4%	5.9%	4.0%	4.8%	5.2%	5.4%	5.7%

\*\* For the fiscal year ended June 30, 2021, the School District adopted GASB No. 84, which required the School District to report several funds that were previously reported as fiduciary fund type as governmental activities and governmental fund type. Balances prior to June 30, 2021 are shown as originally reported and have not been restated for this adoption.

Source: District Records

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

	<u>Fiscal Year Ending June 30.</u>									
	<u>2021</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>
Interest on Investments	\$ 2,261	\$ 6,781	\$ 6,781	\$ 4,019	\$ 2,701	\$ 2,689	\$ 4,353	\$ 249	\$ 4,112	\$ 1,789
Miscellaneous	298,176	359,694	372,630	335,705	184,995	445,235	203,640	100,571	200,551	128,824
Tuition	224,928	201,051	201,051	195,207	185,006	302,426	377,792	383,352	416,185	94,991
Transportation Fees	59,652	24,614	24,614	4,916	12,834	50,911		17,749	24,501	24,863
	<u>\$ 585,017</u>	<u>\$ 592,140</u>	<u>\$ 605,076</u>	<u>\$ 539,847</u>	<u>\$ 385,536</u>	<u>\$ 801,261</u>	<u>\$ 585,785</u>	<u>\$ 501,921</u>	<u>\$ 645,349</u>	<u>\$ 250,467</u>

Source: District Records.



## **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.

## **Revenue Capacity Information**

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

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2021	8,907,300	404,263,400	1,693,100	196,200	29,082,100	11,517,700	13,269,400	468,929,200	179,000	1,322,679	470,251,879	498,963,358	2.154
2020	8,452,400	402,358,100	1,737,700	212,900	27,962,900	11,517,700	13,269,400	465,511,100	211,300	1,232,582	466,743,682	487,714,495	2.186
2019	8,607,200	402,659,200	1,494,800	218,600	27,824,900	11,517,700	13,445,300	465,767,700	195,300	1,191,531	466,959,231	490,254,184	2.129
2018	8,908,200	403,176,200	1,494,800	215,100	27,509,000	11,261,600	12,483,800	465,048,700	267,900	1,205,507	466,254,207	478,541,324	2.094
2017	8,863,900	403,208,600	1,494,800	234,200	27,678,400	11,261,600	12,483,800	465,225,300	257,500	1,167,008	466,392,308	467,027,459	2.055
2016	8,559,900	398,756,200	1,742,300	277,200	28,300,100	11,551,800	12,483,800	461,671,300	288,400	1,167,265	462,838,565	462,909,460	2.017
2015	10,480,800	394,604,900	2,009,900	299,100	28,899,300	11,604,100	13,254,700	461,142,800	252,800	1,159,167	462,301,767	458,708,482	1.932
2014	11,952,300	392,213,400	1,961,700	276,900	29,976,300	11,951,200	13,174,700	461,506,500	399,800	1,118,939	462,625,439	478,836,275	1.850
2013 (a)	13,299,600	392,831,800	2,824,500	361,200	29,108,900	12,275,400	14,141,900	464,843,300		1,156,928	466,000,228	485,974,721	1.771
2012	6,201,500	246,957,400	1,593,800	581,062	13,779,800	9,921,000	6,222,700	285,194,262	782,800	609,000	285,803,262	507,364,531	2.916

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

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

(a) Revaluation

abstract and SR3A

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

Source: Municipal Tax Assessor

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

Fiscal Year Ended <u>June 30,</u>	District Direct Rate			Overlapping Rates					Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate (1)</u>	General Obligation Debt <u>Service (2)</u>	Total Direct School <u>Tax Rate</u>	<u>Library District</u>	<u>Clayton Borough</u>	<u>Open Spaces</u>	<u>County of Gloucester</u>		
2021	1.922	0.232	2.154	0.048	1.019	0.042	0.686	3.949	
2020	1.938	0.248	2.186	0.048	0.995	0.041	0.687	3.957	
2019	1.876	0.253	2.129	0.048	0.994	0.042	0.677	3.890	
2018	1.846	0.248	2.094	0.049	0.992	0.041	0.659	3.835	
2017	1.809	0.246	2.055	0.048	0.992	0.041	0.634	3.770	
2016	1.776	0.241	2.017	0.049	0.992	0.041	0.631	3.730	
2015	1.722	0.210	1.932	0.046	0.992	0.041	0.609	3.620	
2014	1.667	0.183	1.850	0.047	0.959	0.042	0.596	3.494	
2013 (a)	1.662	0.149	1.771	0.045	0.925	0.043	0.586	3.370	
2012	2.557	0.359	2.916	0.075	1.401	0.071	0.905	5.368	

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

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

(a) Revaluation

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

Source: Municipal Tax Collector

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

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Berk Cohen Assoc. at Rustic Village	\$ 8,761,500	1	25.04%	\$ 3,595,600	2	21.83%
Aleris Light Gauge Products, Inc.	6,941,000	2	19.84%	6,594,000	1	40.03%
Emerson Green 2 LLC	4,850,100	3	13.86%			0.00%
Realmarq Development LLC	3,238,300	4	9.26%	1,085,000	3	6.59%
Silver Lake Assoc.	3,034,000	5	8.67%			0.00%
Emerson Green 1 LLC	3,027,200	6	8.65%			0.00%
BDK LLC	1,350,800	7	3.86%			0.00%
Verizon Comm Inc.	1,322,679	8	3.78%	609,000	10	3.70%
414 Vireshwar LLC	1,249,500	9	3.57%			0.00%
McClain Pension Funds LLC	1,214,100	10	3.47%			0.00%
American Stores Company LLC				898,900	5	5.46%
Saiwood Corporation						0.00%
Hungerford & Terry Inc.				696,100	8	4.23%
Clayton Realty LLC				619,500	9	3.76%
NER Data Products, Inc.				750,000	6	4.55%
Clayton Apartments LTC Partnership				917,200	4	5.57%
Rite Aid of NJ Inc.				707,600	7	4.30%
<b>Total</b>	<b>\$ 34,989,179</b>		<b>100.00%</b>	<b>\$ 16,472,900</b>		<b>100.00%</b>

Source: Municipal Tax Assessor

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

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Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (1)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2021	\$ 10,204,678	\$ 10,204,678	100.00%	-
2020	9,942,264	9,942,264	100.00%	-
2019	9,766,528	9,766,528	100.00%	-
2018	9,588,371	9,588,371	100.00%	-
2017	9,335,398	9,335,398	100.00%	-
2016	8,932,559	8,932,559	100.00%	-
2015	8,558,217	8,558,217	100.00%	-
2014	8,252,815	8,252,815	100.00%	-
2013	8,336,078	8,336,078	100.00%	-
2012	8,067,295	8,067,295	100.00%	-

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

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

## **Debt Capacity Information**

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Total District</u>	Percentage of Personal Income (2)	<u>Per Capita (2)</u>
	<u>General Obligation Bonds (1)</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Capital Leases</u>				
2021	\$ 15,219,444	-	706,661	-	-	\$ 14,965,000	NA	NA	
2020	16,015,000	-	306,919	-	-	16,577,000	NA	NA	
2019	17,227,000	-	456,210	-	-	17,227,000	NA	NA	
2018	17,852,000	-	602,789	-	-	17,852,000	NA	NA	
2017	18,447,000	-	-	-	-	18,447,000	NA	NA	
2016	19,052,000	-	-	-	-	19,052,000	NA	NA	
2015	19,347,000	-	-	-	-	19,347,000	NA	NA	
2014	10,342,000	-	-	-	-	10,342,000	NA	NA	
2013	11,057,000	-	-	-	-	11,057,000	NA	NA	
2012	11,824,000	-	-	-	-	11,824,000	NA	NA	

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

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

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

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



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

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<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita (2)</u>
2021	\$ 15,219,444		\$ 14,965,000	3.18%	NA
2020	16,015,000		16,577,000	3.55%	NA
2019	17,227,000	-	17,227,000	3.69%	NA
2018	17,852,000	-	17,852,000	3.83%	NA
2017	18,447,000	-	18,447,000	3.96%	NA
2016	19,052,000	-	19,052,000	4.12%	NA
2015	19,347,000	-	19,347,000	4.18%	NA
2014	10,342,000	-	10,342,000	2.22%	NA
2013	11,057,000	-	11,057,000	3.87%	NA
2012	11,824,000	-	11,824,000	4.10%	NA

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

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

Source: District Records.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2021  
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Clayton	\$ 2,430,000	100.00%	\$ 2,430,000
<b>Other debt</b>			
County of Gloucester	173,810,000	1.76%	\$ 3,057,313
Subtotal, overlapping debt			5,487,313
<b>Borough of Clayton School District Direct Debt</b>			<u>15,219,444</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 20,706,757</u></u>

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

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2020**

	Equalized valuation basis
	2020 \$ 492,448,006
	2019 484,468,171
	2018 486,452,615
	<b>[A]</b> <u>\$ 1,463,368,792</u>
	Average equalized valuation of taxable property <b>[A/3]</b> <u>\$ 487,789,597.33</u>
	Debt limit (4% of <b>[B]</b> \$ 19,511,584
	Total Net Debt Applicable to Limit <b>[C]</b> <u>15,219,444</u>
	Legal Debt Margin <b>[B-C]</b> <u>\$ 4,292,140</u>

	Fiscal Year									
	<u>2021</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>
Debt limit	\$ 19,511,584	\$ 19,290,746	\$ 18,838,034	\$ 18,482,179	\$ 18,363,024	\$ 18,614,706	\$ 18,968,056	\$ 19,677,673	\$ 17,669,809	\$ 18,050,239
Total net debt applicable to limit	<u>15,219,444</u>	<u>16,015,000</u>	<u>17,227,000</u>	<u>17,852,000</u>	<u>18,447,000</u>	<u>19,052,000</u>	<u>19,347,000</u>	<u>10,342,000</u>	<u>11,057,000</u>	<u>11,824,000</u>
Legal debt margin	<u>\$ 4,292,140</u>	<u>\$ 3,275,746</u>	<u>\$ 1,611,034</u>	<u>\$ 630,179</u>	<u>\$ (83,976)</u>	<u>\$ (437,294)</u>	<u>\$ (378,944)</u>	<u>\$ 9,335,673</u>	<u>\$ 6,612,809</u>	<u>\$ 6,226,239</u>
Total net debt applicable to the limit as a percentage of debt limit	78.00%	83.02%	91.45%	96.59%	100.46%	102.35%	102.00%	52.56%	62.58%	65.51%

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

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

## **Demographic and Economic Information**

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

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

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2021	8,759	\$ 494,874,741	\$ 56,499	11.7%
2020	8,738	478,361,810	54,745	4.7%
2019	8,686	456,067,116	52,506	5.0%
2018	8,676	433,852,056	50,006	5.7%
2017	8,614	420,354,586	48,799	6.1%
2016	8,493	395,799,279	46,603	7.9%
2015	8,307	375,218,883	45,169	7.1%
2014	8,216	368,635,488	44,868	8.5%
2013	8,175	345,213,900	42,228	9.8%
2012	8,202	339,374,154	41,377	9.5%

**Source:**

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Principal Employers  
Current Year and Ten Years Ago  
Unaudited

<u>Employer</u>	<u>2021</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>
Amazon	4,500	1	NA	NA		NA
Rowan University	3,500	2	NA	1,300		NA
Inspira Health	2,051	3	NA			
Underwood Memorial Hospital				1,825		NA
Jefferson Health	2,015	4	NA			
Kennedy Health Alliance				1,200		NA
Washington Township School District	1,515	5	NA	1,648		NA
Shop Rite	1,300	6	NA			
County of Gloucester	1,200	7	NA	1,500		NA
U.S. Foodservices	1,014	8	NA	725		NA
Monroe Township School District	841	9	NA	741		NA
Walmart - Turnersville	800	10	NA			
Missa Bay				950		NA
DGI Services				600		NA
Delaware Valley Wholesale Florist				500		NA
	<u>18,736</u>			<u>10,989</u>		

**Source:**

Gloucester County Office of Economic Development and Employer Directly

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

N/A - Information not available

## **Operating Information**

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

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

<u>Function/Program</u>	<u>2021</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>
Instruction										
Regular	93	93	93	93	93	93	93	93	99	78
Special education	20	20	20	20	20	20	20	20	26	22
Support Services:										
Tuition										
Student & instruction related services	46	47	47	47	47	47	47	47	36	36
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	14	12	12	12	12	12	12	12	12	12
Business administrative services	5	6	5	5	5	5	5	5	3	3
Plant operations and maintenance	13	11	11	14	14	14	14	14	12	12
Pupil transportation	15	12	12	9	10	10	10	10	12	12
Food Service (custodians only)	0	2	2	2	2	1	1		2	
Total	<u>208</u>	<u>205</u>	<u>204</u>	<u>204</u>	<u>205</u>	<u>204</u>	<u>204</u>	<u>202</u>	<u>204</u>	<u>177</u>

**Source:** District Personnel Records



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

Fiscal	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Cost Per Pupil Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2021	1,471	\$ 27,345,676	\$ 18,590	0.34%	125	10.8:1	14.4:1	11.5:1	1,415	1,321	-5.51%	93.36%
2020	1,452	26,961,508	18,569	7.64%	131	10.6:1	13.3:1	10.1:1	1,464	1,420	5.34%	96.99%
2019	1,436	26,603,534	18,526	16.72%	131	10.6:1	13.3:1	10.1:1	1,454	1,398	2.12%	96.15%
2018	1,443	24,892,565	17,251	8.69%	131	10.6:1	13.3:1	10.1:1	1,405	1,348	-1.53%	95.94%
2017	1,447	22,966,462	15,872	-1.21%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2016	1,448	23,264,798	16,067	2.94%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2015	1,448	22,601,261	15,609	3.86%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	1.71%	95.60%
2014	1,399	21,025,135	15,029	-3.81%	120	12.4:1	12.9:1	9.6:1	1,392	1,346	4.91%	96.70%
2013	1,384	21,623,525	15,624	6.05%	125	11.6:1	11.8:1	9.6:1	1,367	1,316	2.57%	96.27%
2012	1,370	20,183,565	14,733	1.52%	117	14.0:1	7.6:1	10.1:1	1,366	1,283	6.21%	93.92%

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

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

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

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

	<u>2021</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>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
E.S. Simmons Elementary										
Square Feet	95,421	95,421	95,421	95,421	95,421	95,421	95,421	95,421	95,421	95,421
Capacity (students)	763	763	763	763	763	763	763	763	763	763
Enrollment	660	706	714	669	735	743	757	733	719	724
<b><u>High School/Middle School</u></b>										
Clayton HS/MS School										
Square Feet	143,910	143,910	143,910	143,910	143,910	126,080	126,080	126,080	126,080	126,080
Capacity (students)	868	868	868	868	868	868	868	868	868	868
Enrollment	750	772	760	767	712	708	691	666	665	646

Number of Schools at June 30, 2021

  Elementary = 1

  High/Middle School= 1

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

**Source:** District records, ASSA

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

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

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

* School Facilities	Project # (s)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Clayton Middle/Clayton High School	N/A	\$ 106,607	\$ 107,157	\$ 111,525	\$ 104,887	\$ 102,854	\$ 86,283	\$ 96,633	\$ 111,013	\$ 104,688	\$ 103,567
Clayton Elementary School	N/A	71,071	71,052	74,350	69,925	77,592	65,091	73,136	88,664	78,976	53,098
Total School Facilities		<u>177,678</u>	<u>178,209</u>	<u>185,875</u>	<u>174,812</u>	<u>180,446</u>	<u>151,374</u>	<u>169,769</u>	<u>199,677</u>	<u>183,664</u>	<u>156,665</u>
Grand Total		<u>\$ 177,678</u>	<u>\$ 178,209</u>	<u>\$ 185,875</u>	<u>\$ 174,812</u>	<u>\$ 180,446</u>	<u>\$ 151,374</u>	<u>\$ 169,769</u>	<u>\$ 199,677</u>	<u>\$ 183,664</u>	<u>\$ 156,665</u>

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

Source: District Records

**BOROUGH OF CLAYTON SCHOOL DISTRICT**

Insurance Schedule

June 30, 2021

*Unaudited*

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

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

Source: District Records

**SINGLE AUDIT SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Borough of Clayton School District's, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2021. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the Borough of Clayton School District's, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with New Jersey Circular 15-08-OMB and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding No. 2021-002. Our opinion on each major state program is not modified with respect to this matter.

The Borough of Clayton 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 Borough of Clayton School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 Borough of Clayton School District's internal control over compliance.

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

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

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

Respectfully submitted,

*Bowman + Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Glen J. Walton*

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

Voorhees, New Jersey  
March 7, 2022



**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Pass-through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30, 2020	Carryover / (Walkover) Amount
						From	To		
<b>General Fund:</b>									
U.S. Department of Education									
Passed-through State Department of Education:									
Medicaid Cluster									
Medical Assistance Program (Medicaid)	93.778		2005NJ5MAP	100-054-7540-211	\$ 79,753	7-1-2020	6-30-2021		
Total Medicaid Cluster									
Total General Fund									
<b>Special Revenue Fund:</b>									
U.S. Department of Education									
Passed-through State Department of Education:									
E.S.S.A.:									
Title I Grants to Local Educational Agencies (Title I, Part A)	84.010	N/A	S010A200030	ESSA086020	400,156	7-1-2019	9-30-2020	\$ (81,654)	
Title I Grants to Local Educational Agencies (Title I, Part A)	84.010	N/A	S010A210030	ESSA086021	394,279	7-1-2020	9-30-2021		
Title I Grants to Local Educational Agencies (Title I Reallocated)	84.010	N/A	S367A190029	ESSA086021	41,822	7-1-2020	9-30-2021		
Total Title I Grants to Local Educational Agencies								(81,654)	
Supporting Effective Instruction State Grant (Title II, Part A)	84.367	N/A	S367A190029	ESSA086020	81,174	7-1-2019	9-30-2020		163
Supporting Effective Instruction State Grant (Title II, Part A)	84.367	N/A	S367A200029	ESSA086021	69,299	7-1-2020	9-30-2021		
Total Supporting Effective Instruction State Grant									163
English Language Acquisition Grants (Title III)	84.365	N/A	S365A190030	ESSA086020	5,681	7-1-2019	9-30-2020	(157)	
Total English Language Acquisition Grants								(157)	
Special Education Cluster (IDEA):									
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	H027A190030	FT169014	394,659	7-1-2019	9-30-2020	(28,941)	
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	H027A200030	FT169014	414,913	7-1-2020	9-30-2021		
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	H173A210030	PS169020	18,734	7-1-2020	9-30-2021		
Total Special Education Cluster (IDEA)								(28,941)	
21st Century Community Learning Centers Program	84.287	N/A	N/A	NGO-15-EK32-H05	250,000	9-1-2015	8-31-2016		601
21st Century Community Learning Centers Program	84.287	N/A	N/A	NGO-15-EK32-H05	250,000	9-1-2019	8-31-2020	(28,862)	
21st Century Community Learning Centers Program	84.287	N/A	N/A	NGO-15-EK32-H05	250,000	9-1-2020	8-31-2021		
Total 21st Century Community Learning Centers Program								(28,862)	601
Education Stabilization Fund:									
CARES Elementary Secondary School Emergency Relief (ESSER) Fund	84.425	COVID-19, 84.425D	S425D200027	N/A	362,306	3-13-2020	9-30-2022		
Digital Divide	84.425	COVID-19, 84.425D	S425D200027	N/A	177,339	7-16-2020	10-31-2020		
Total Education Stabilization Fund									
Subtotal Special Revenue - U.S. Department of Education								(139,614)	764
U.S. Department of Treasury									
Passed-through State Department of Education:									
Coronavirus Relief Fund									
COVID Non-public Tech Initiative	21.019	COVID-19	SLT0228	N/A	103,455	3-1-2020	12-31-2021		
COVID Non-public Tech Initiative	21.019	COVID-19	SLT0228	N/A	6,743	3-1-2020	12-31-2021		
Total Coronavirus Relief Fund									
Subtotal Special Revenue - U.S. Department of Treasury									
Total Special Revenue Fund								(139,614)	764
<b>Enterprise Fund:</b>									
U.S. Department of Agriculture									
Passed-through State Department of Agriculture:									
Child Nutrition Cluster:									
Non-Cash Assistance:									
National School Lunch Program - Commodities	10.555	N/A	201NJ304N1099	N/A	53,763	7-1-2020	9-30-2021		
Total Non-Cash Assistance									
Cash Assistance:									
National School Lunch Program (NSLP)	10.555	N/A	211NJ304N1099	N/A	415,011	7-1-2020	6-30-2021		
Healthy Hunger Free Kids Act (HHFKA)	10.555	N/A	211NJ304N1099	N/A	8,229	7-1-2020	6-30-2021		
Seamless Summer Option (SSO) - COVID-19 Cares Act	10.555	COVID-19	211NJ304N1099	N/A	38,264	3-16-2020	6-30-2020	(16,792)	
School Breakfast Program (SBP)	10.553	N/A	211NJ304N1099	N/A	273,525	7-1-2020	6-30-2021		
Emergency Operational Cost Program - Schools	10.555	COVID-19	202121H170341	N/A	41,002	7-1-2020	6-30-2021		
Total Cash Assistance								(16,792)	
Total Child Nutrition Cluster								(16,792)	
P-EBT Administrative Cost	10.649	COVID-19	202121S900941	N/A	614	7-1-2020	6-30-2021		
Total Enterprise Fund								(16,792)	
Total Federal Financial Assistance								\$ (156,406)	\$ 764

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

Cash Received	Budgetary Expenditures			Passed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2021		
	Pass-through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 79,753	\$ 79,753		\$ 79,753						
79,753	79,753		79,753						
79,753	79,753		79,753						
114,356	27,211		27,211					\$ 5,491	
190,807	204,448		204,448				\$ (13,641)		
14,600	20,230		20,230				(5,630)		
319,763	251,889		251,889				(19,271)	5,491	
33,442	33,605		33,605						
40,136	23,248		23,248						16,888
73,578	56,853		56,853						16,888
157			-						
157									
28,115							(826)		
345,847	413,539		413,539				(67,692)		
6,901	18,734		18,734				(11,833)		
380,863	432,273		432,273				(80,351)		
62,587	35,990		35,990			\$ (601)	(2,265)		
88,609	124,114		124,114				(35,505)		
151,196	160,104		160,104			(601)	(37,770)		
259,548	306,107		306,107				(46,559)		
177,329	177,280		177,280					\$ 49	
436,877	483,387		483,387				(46,559)		49
1,362,434	1,384,506		1,384,506			(601)	(183,951)	22,379	49
103,455	103,455		103,455						
6,743	6,743		6,743						
110,198	110,198		110,198						
110,198	110,198		110,198						
1,472,632	1,494,704		1,494,704			(601)	(183,951)	22,379	49
53,763	53,763		53,763						
53,763	53,763		53,763						
382,024	415,011		415,011				(32,987)		
7,576	8,229		8,229				(653)		
16,792									
251,692	273,525		273,525				(21,833)		
	41,002		41,002				(41,002)		
658,084	737,767		737,767				(96,475)		
711,847	791,530		791,530				(96,475)		
	614		614				(614)		
711,847	792,144		792,144				(97,089)		
\$ 2,264,232	\$ 2,366,601	\$ -	\$ 2,366,601	\$ -	\$ -	\$ (601)	\$ (281,040)	\$ 22,379	\$ 49

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2021

State Grantor/ Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Required Match	Grant Period		Balance at June 30, 2020	
				From	To	Unearned Revenue / Accounts Receivable	Due to Grantor
<b>General Fund:</b>							
<b>New Jersey Department of Education:</b>							
<b>State Aid - Public:</b>							
Equalization Aid	495-034-5120-078	9,876,633		7-1-2019	6-30-2020	\$ (919,768)	
Equalization Aid	495-034-5120-078	10,258,751		7-1-2020	6-30-2021		
School Choice	495-034-5120-068	95,670		7-1-2019	6-30-2020	(9,567)	
School Choice	495-034-5120-068	96,300		7-1-2020	6-30-2021		
Security Aid	495-034-5120-084	269,252		7-1-2019	6-30-2020	(26,925)	
Security Aid	495-034-5120-084	269,252		7-1-2020	6-30-2021		
Special Education Aid	495-034-5120-089	1,061,043		7-1-2019	6-30-2020	(106,105)	
Special Education Aid	495-034-5120-089	1,061,043		7-1-2020	6-30-2021		
<b>Total State Aid - Public:</b>						<b>(1,062,365)</b>	<b>-</b>
<b>Transportation Aid:</b>							
Transportation Aid	495-034-5120-014	289,926		7-1-2019	6-30-2020	(28,993)	
Transportation Aid	495-034-5120-014	289,926		7-1-2020	6-30-2021		
Nonpublic Transportation Aid	495-034-5120-014	4,930		7-1-2019	6-30-2020	(4,930)	
Nonpublic Transportation Aid	495-034-5120-014	11,310		7-1-2020	6-30-2021		
<b>Total Transportation Aid:</b>						<b>(33,923)</b>	<b>-</b>
Extraordinary Special Education Aid Costs	495-034-5120-044	228,812		7-1-2019	6-30-2020	(228,812)	
Extraordinary Special Education Aid Costs	495-034-5120-044	340,541		7-1-2020	6-30-2021		
<b>Total Extraordinary Aid</b>						<b>(228,812)</b>	<b>-</b>
Reimbursed T.P.A.F. Social Security Contributions	495-034-5095-002	717,646		7-1-2019	6-30-2020	(35,777)	
Reimbursed T.P.A.F. Social Security Contributions	495-034-5095-002	731,144		7-1-2020	6-30-2021		
<b>Total Reimbursed T.P.A.F. Social Security Contributions</b>						<b>(35,777)</b>	<b>-</b>
<b>On-Behalf T.P.A.F. Contributions (non-budgeted):</b>							
On-Behalf T.P.A.F. Pension - Post-Retirement Medical	495-034-5094-001	803,288		7-1-2020	6-30-2021		
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	2,515,409		7-1-2020	6-30-2021		
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	47,859		7-1-2020	6-30-2021		
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	1,749		7-1-2020	6-30-2021		
<b>Total On-Behalf TPAF Pension Contributions (non-budgeted)</b>						<b>-</b>	<b>-</b>
<b>Total General Fund</b>						<b>(1,360,877)</b>	<b>-</b>
<b>Special Revenue Fund:</b>							
<b>New Jersey Department of Education</b>							
<b>Nonpublic Aid:</b>							
Nursing Services	100-034-5120-373	15,810		7-1-2020	6-30-2021		
Textbook Aid (Ch. 194)	100-034-5120-064	9,962		7-1-2019	6-30-2020		\$ 33
Textbook Aid (Ch. 194)	100-034-5120-064	9,469		7-1-2020	6-30-2021		
Technology Initiative Aid	400-034-5120-373	6,804		7-1-2019	6-30-2020		45
Auxiliary Services (Ch. 192)							
Compensatory Education	100-034-5120-067	73,007		7-1-2019	6-30-2020	(7,300)	31,230
English as a Second Language	100-034-5120-067	4,136		7-1-2019	6-30-2020	(414)	827
Transportation	100-034-5120-067	7,072		7-1-2019	6-30-2020	(707)	3,966
Auxiliary Services (Ch. 192)							
Compensatory Education	100-034-5120-067	52,255		7-1-2020	6-30-2021		
English as a Second Language	100-034-5120-067	3,553		7-1-2020	6-30-2021		
Transportation	100-034-5120-067	6,583		7-1-2020	6-30-2021		
Handicapped Services (Ch. 193)							
Supplemental Instruction	100-034-5120-068	15,380		7-1-2019	6-30-2020	(1,560)	4,695
Corrective Speech	100-034-5120-068	23,696		7-1-2019	6-30-2020	(2,404)	2,916
Examination and Classification	100-034-5120-068	20,254		7-1-2019	6-30-2020	(2,055)	3,898
Handicapped Services (Ch. 193)							
Supplemental Instruction	100-034-5120-068	13,276		7-1-2020	6-30-2021		
Corrective Speech	100-034-5120-068	25,155		7-1-2020	6-30-2021		
Examination and Classification	100-034-5120-068	25,452		7-1-2020	6-30-2021		
Security Aid	100-034-5120-509	28,650		7-1-2019	6-30-2020		10
Security Aid	100-034-5120-509	27,125		7-1-2020	6-30-2021		
<b>Total Nonpublic Aid:</b>						<b>(14,440)</b>	<b>47,620</b>
Preschool Education Aid	495-034-5120-086	983,810		7-1-2019	6-30-2020	59,688	
Preschool Education Aid	495-034-5120-086	1,238,325		7-1-2020	6-30-2021		
<b>Total Preschool Education Aid</b>						<b>59,688</b>	<b>-</b>
<b>Total New Jersey Department of Education</b>						<b>45,248</b>	<b>47,620</b>
<b>New Jersey Department of Human Services</b>							
School Based Youth Service Program	18CTHP	228,704		7-1-2017	6-30-2018		55
School Based Youth Service Program	19CTHP	238,567		7-1-2018	6-30-2019		25
School Based Youth Service Program	20CTHP	238,567		7-1-2019	6-30-2020		12,601
School Based Youth Service Program	21CTHP	228,704		7-1-2020	6-30-2021		
Family Friendly	18CTHP	45,463		7-1-2017	6-30-2018		5
Family Friendly	19CTHP	45,963		7-1-2018	6-30-2019		14
Family Friendly	20CTHP	45,963		7-1-2019	6-30-2020		14,263
Family Friendly	21CTHP	45,463		7-1-2020	6-30-2021		
<b>Total New Jersey Department of Human Services</b>						<b>-</b>	<b>26,999</b>
<b>Total Special Revenue Fund</b>						<b>45,248</b>	<b>74,619</b>
<b>Debt Service Fund</b>							
New Jersey Department of Education							
Debt Service Aid Type II	495-034-5120-075	111,704		7-1-2020	6-30-2021		
<b>Total Debt Service Fund</b>						<b>-</b>	<b>-</b>
<b>Enterprise Fund:</b>							
<b>New Jersey Department of Agriculture</b>							
Child Nutrition Cluster:							
State School Lunch Program	100-010-3350-023	6,509		7-1-2019	6-30-2020	(1,737)	
State School Lunch Program	100-010-3350-023	23,099		7-1-2020	6-30-2021		
<b>Total Enterprise Fund</b>						<b>(1,737)</b>	<b>-</b>
<b>Total State Financial Assistance</b>						<b>\$ (1,317,366)</b>	<b>\$ 74,619</b>
<b>Less State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:</b>							
<b>General Fund (Non-Cash Assistance):</b>							
<b>New Jersey Department of Education:</b>							
On-Behalf T.P.A.F. Pension - Post-Retirement Medical	495-034-5094-001	803,288		7-1-2020	6-30-2021		
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	2,515,409		7-1-2020	6-30-2021		
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	47,859		7-1-2020	6-30-2021		
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	1,749		7-1-2020	6-30-2021		
<b>Total General Fund (Non-Cash Assistance)</b>						<b>-</b>	<b>-</b>
<b>Total State Financial Assistance subject to Major Program Determination for State Single Audit</b>						<b>\$ (1,317,366)</b>	<b>\$ 74,619</b>

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

Caryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2021			Memo		
						Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable 6/30/2021	Cumulative Total Expenditures	
	\$ 919,768										
	9,315,405	\$ 10,258,751				\$ (943,346)			\$ (943,346)	\$ 10,258,751	
	9,567					(9,630)			(9,630)	96,300	
	86,670	96,300									
	26,925					(26,925)			(26,925)	289,252	
	242,327	269,252									
	106,105					(106,105)			(106,105)	1,061,043	
	954,938	1,061,043									
	<u>11,661,705</u>	<u>11,685,346</u>				<u>(1,086,006)</u>			<u>(1,086,006)</u>	<u>11,685,346</u>	
	28,993					(28,993)			(28,993)	289,926	
	260,933	289,926									
	4,930					(11,310)				11,310	
	<u>294,856</u>	<u>301,236</u>				<u>(40,303)</u>			<u>(28,993)</u>	<u>301,236</u>	
	228,812					(340,541)				340,541	
	<u>228,812</u>	<u>340,541</u>				<u>(340,541)</u>				<u>340,541</u>	
	35,777					(35,961)				731,144	
	696,183	731,144									
	<u>730,960</u>	<u>731,144</u>				<u>(35,961)</u>				<u>731,144</u>	
	803,288	803,288									
	2,515,409	2,515,409									
	47,859	47,859									
	1,749	1,749									
	<u>3,368,305</u>	<u>3,368,305</u>									
	16,284,638	16,426,572				(1,502,811)			(1,114,999)	13,058,267	
	15,810	15,810									
	9,469	9,453			\$ (33)			\$ 16			
					(45)						
	7,300				(31,230)						
	414				(827)						
	707				(3,966)						
	52,255	36,839						15,416			
	3,553							3,553			
	6,583	3,472						3,111			
	1,560				(4,695)						
	2,404				(2,916)						
	2,055				(3,898)						
	13,276	12,062						1,214			
	25,155	23,514						1,641			
	25,452	25,080						372			
	<u>27,125</u>	<u>27,125</u>			(10)						
	193,118	153,355			(47,620)			25,323			
	96,127	155,815				(123,833)	513,032		(123,833)	155,815	
	1,114,492	725,293								725,293	
	<u>1,210,619</u>	<u>881,108</u>				<u>(123,833)</u>	<u>513,032</u>		<u>(123,833)</u>	<u>881,108</u>	
	1,403,737	1,034,463			(47,620)	(123,833)	513,032	25,323	(123,833)	881,108	
	228,704	226,285						55			
								25			
								12,601			
								2,419			
								1			
								54			
								14,263			
	45,463	38,356						7,107			
	<u>274,167</u>	<u>264,641</u>						<u>36,525</u>			
	1,677,904	1,299,104			(47,620)	(123,833)	513,032	61,848	(123,833)	881,108	
	111,704	111,704								111,704	
	<u>111,704</u>	<u>111,704</u>								<u>111,704</u>	
	1,737										
	18,170	23,099				(4,929)				23,099	
	<u>19,907</u>	<u>23,099</u>				<u>(4,929)</u>				<u>23,099</u>	
\$ -	\$ 18,094,153	\$ 17,860,479	\$ -	\$ -	\$ (47,620)	\$ (1,631,573)	\$ 513,032	\$ 61,848	\$ (1,238,832)	\$ 14,074,178	

803,288  
2,515,409  
47,859  
1,749  
3,368,305  
\$ 14,492,174

**BOROUGH OF CLAYTON SCHOOL DISTRICT**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2021

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**Note 1: BASIS OF PRESENTATION**

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

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

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

**Note 3: INDIRECT COST RATE**

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

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

The basic financial statements present the general fund, special revenue fund and proprietary fund (enterprise funds - food service and performing arts center) 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 from the budgetary basis to the GAAP basis is \$(23,641) for the general fund and \$115,924 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 79,753	\$ 16,402,931	\$ 16,482,684
Special Revenue	1,493,663	1,417,764	2,911,427
Debt Service		111,704	111,704
Food Service	792,144	23,099	815,243
GAAP Basis Revenues	<u>2,365,560</u>	<u>17,955,498</u>	<u>20,321,058</u>
GAAP Adjustments			
State Aid Payments		(72,486)	(72,486)
Encumbrances	1,041	(22,533)	(21,492)
	<u>1,041</u>	<u>(95,019)</u>	<u>(93,978)</u>
Total Awards and Financial Assistance Expended	<u>\$ 2,366,601</u>	<u>\$ 17,860,479</u>	<u>\$ 20,227,080</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, 2021, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

**Note 7: MAJOR PROGRAMS**

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified
Internal control over financial reporting:
Material weakness(es) identified? \_\_\_ yes \_\_\_ x no
Significant deficiency(ies) identified? \_\_\_ yes \_\_\_ x none reported
Noncompliance material to financial statements noted? \_\_\_ x yes \_\_\_ no

Federal Awards

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

Identification of major programs:

Table with 3 columns: Assistance Listing Number(s), FAIN Number(s), Name of Federal Program or Cluster. Includes rows for Education Stabilization Fund, CARES Elementary Secondary School Emergency Relief (ESSER) Fund, and Digital Divide.

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

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





**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021

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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. 2021-001**

**Criteria or Specific Requirement**

CFR Section 210.14 Resource Management (b) Net cash resources. The school food authority shall limit its net cash resources to an amount that does not exceed three months average expenditures for its nonprofit school food service or such other amount may be approved by the State agency in accordance with CFR Section 210.19(a).

**Condition**

The School District's Food Service Fund Net Cash Resources exceeded its three months average expenditures by \$293,125.

**Context**

Per the calculation of the Food Service Funds Net Cash Resources, Net Cash Resources at June 30, 2021 were \$439,354 and its three months average expenditures were \$146,229, resulting in an overage of \$293,125.

**Effect or Potential Effect**

The School District is not in compliance with CFR section 210.14 and requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey Audit Program.

**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 Funds three months average expenditures.

**Recommendation**

The School District should 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**

District will allocate a portion of custodial staff salaries and benefits for time spent in cleaning the areas. Additionally, a portion of the audit fees will be applied there as well. We will also make sure to check the need for new equipment.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021

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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).

No current year findings.

**BOROUGH OF CLAYTON SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2021

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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. 2021-002**

**Information on the State Program**

New Jersey Department of Education, State Aid Public, 7/1/2020 – 6/30/2021	
Equalization Aid	G.M.I.S. No. 495-034-5120-078
School Choice Aid	G.M.I.S. No. 495-034-5120-068
Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
Security Aid	G.M.I.S. No. 495-034-5120-084

**Criteria or Specific Requirement**

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

**Condition**

The School District's workpapers and corresponding documentation did not agree with the submitted A.S.S.A. report on four enrollment categories.

**Questioned Costs**

None.

**Context**

During the test of A.S.S.A., we noted that the School District's supporting workpapers did not agree to the A.S.S.A. report in On Roll, Resident Low Income, Resident LEP Low Income and Resident LEP Not Low Income by a net total of 9, 55, 2 and -1, respectively.

The sample was not statistically valid.

**Effect or Potential Effect**

The School District's A.S.S.A. reporting is not accurate.

**Cause**

Oversight.

**Identification as a Repeat Finding**

None.

**Recommendation**

The School District should maintain workpapers and corresponding documents to support student counts on each enrollment grade and enrollment category on the submitted A.S.S.A. report.

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

District will allocate additional staff to maintain records as needed to rectify this problem and do preliminary testing to ensure accuracy of workpapers.

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

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

**FINANCIAL STATEMENT FINDINGS**

No prior year findings.

**FEDERAL AWARDS**

No prior year findings.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

No prior year findings.

