

**BOARD OF EDUCATION
OF THE**

**BOROUGH OF CLAYTON
SCHOOL DISTRICT**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

BOROUGH OF CLAYTON SCHOOL DISTRICT
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INTRODUCTORY SECTION

Nikolaos C. Koutsogiannis
Superintendent of Schools



Frances C. Adler
Business Administrator

November 30, 2023

Honorable President and
Members of the Board of Education
Borough of Clayton School District
350 East Clinton Street
Clayton, New Jersey 08312

Dear Board Members:

We are submitting the Annual Comprehensive Financial Report of the Borough of Clayton School District for the fiscal year ended June 30, 2023. 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 comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements, notes to financial statements and supplemental schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Revisions of 1996 and the U.S. Office of Management and Budget; the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with acceptable laws and regulations and findings and questioned costs are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES:

Borough of Clayton 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 Borough of Clayton School District are included in this report. The Borough of Clayton Board of Education and its three schools constitute the District's reporting entity.

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

STUDENT ENROLLMENT:

FISCAL YEAR	STUDENT ENROLLMENT	% CHANGE
2022-2023	1431	0%
2021-2022	1430	-2.87%
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%

ECONOMIC CONDITION AND OUTLOOK:

No new bond referendums were passed. A recent demographic study shows that enrollment is expected to stay steady. We continue to pursue federal, state, and other grant sources to enhance programs and provide resources.

DISTRICT GOALS:

The following to year district-level goals were developed for the 2021 through 2023 school year:

Goal #1- Benchmark assessment data will be utilized to determine student COVID-19 learning loss. This information will drive teaching practices, selection of programs, and professional development to positively impact student achievement.

Goal #2- Identify policies and practices in need of equitable attention that will positively impact student achievement for all subgroups. This process will include collecting data through stakeholder surveys, student assessments and discourse with members of the school community.

Goal #3- Identify and implement strategies to address the social emotional and mental health issues that positively impact student achievement.

PROGRESS TOWARD GOALS AND OBJECTIVES:

Goal #1- Benchmark assessment data will be utilized to determine student COVID-19 learning loss. This information will drive teaching practices, selection of programs, and professional development to positively impact student achievement.

1. After-School Professional Development Sessions-Reviewing Link It Benchmark data for each administration.

2. Professional development for school and district level administrators to review Link It reporting.
3. Team collaboration to identify specific skills in Math and ELA that can be practices in all classes and content areas.
4. Goal setting and progress monitoring in each building for ELA and Math based upon benchmark assessment data. Celebration and affirmation of progress.
5. Data walls, data displays in each building for school-wide focus progress.
6. Communication with parents and students. Access to Link It assessment data through the parent and student portal.
7. Teacher review of classroom data. Emphasis placed on teachers reviewing test items aligned to standards to determine expectations.
8. Middle School Boost Cycle classes will use benchmark data to select and remediate students. Multiple measures including benchmark data will be used to identify skills and pathways to remediate and accelerate learning.
9. Progress monitoring of students who participated in K-8 Summer Boost and MS cycle class.
- 10 Monthly PLC meetings for each grade level/department to determine pathways for student success based upon Link It assessment data and reporting tools.
11. Pre/post assessments for classrooms and programs aligned to NJSLs, developed by test items included on the Link It platform, NJSLA resources.
12. Professional development and supports for teachers to improve student performance.
13. Link It, as well as several selected benchmark assessments, will be administered to students at selected intervals during the school year.
14. Administrators and teachers will analyze marking period grade distribution data.

Goal #2- Identify policies and practices in need of equitable attention that will positively impact student achievement for all subgroups. This process will include collecting data through stakeholder surveys, student assessments and discourse with members of the school community.

1. Evaluated and updated curricula to ensure compliance with NJ legislation concerning diversity and inclusion: http://www.njleg.state.nj.us/2020/Bills/PL21/32_.PDF
2. Events sponsored by the Clayton Equity Committee (CEC) featuring community that feature discussions, surveys and activities to promote equity in our district.

3. Professional development to support teachers in continuing efforts to implement actions represented in NJ legislation concerning diversity and inclusion.
https://www.njleg.state.nj.us/2020/Bills/PL21/32_.PDF
4. Survey stakeholders about district practices that positively and negatively impact equity, diversity, and inclusion.
5. Student achievement data will be analyzed for inequities among all demographic groups (ie. race, gender, economically disadvantaged and special education).

Goal #3- Identify and implement strategies to address the social emotional and mental health issues that positively impact student achievement.

1. Adding additional counselors to support students and staff.
2. Develop and expand services of the Student Connection Center (SCC) for MS and ensure continuity with the Child Connection Center (CCC).
3. Presentation and integration SEL lessons and concepts in classrooms by school counselors.
4. Utilization of outside services and agencies when necessary to support student's mental and emotional health.
5. Staff professional development and consultations from Gloucester County Special Services.
6. Collaboration and coordination of SEL, Mental Health supports through the District SEL Committee
7. Plan community, staff and student wellness activities and events throughout the school year.
8. Collection and analysis of quantitative and qualitative data of student and staff emotional and mental health behaviors.
9. Expansion of SAC services beyond the traditional role to include teaching classroom lessons.

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, 2023 the District's outstanding debt issues amount to \$13,820,000.

CASH MANAGEMENT:

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

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

RISK MANAGEMENT:

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

OTHER INFORMATION:

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

AWARDS:


- 1. Educators of the Year: Elementary School Teacher – Amanda Datz
 Middle School Teacher – Stacy Seger
 High School Teacher – Scot Garvin
- 2. New Grant Awards: Local Recreation Improvement Grant – DCA - \$70,680
 Trees for Schools - \$21,643


ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Borough of Clayton 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.

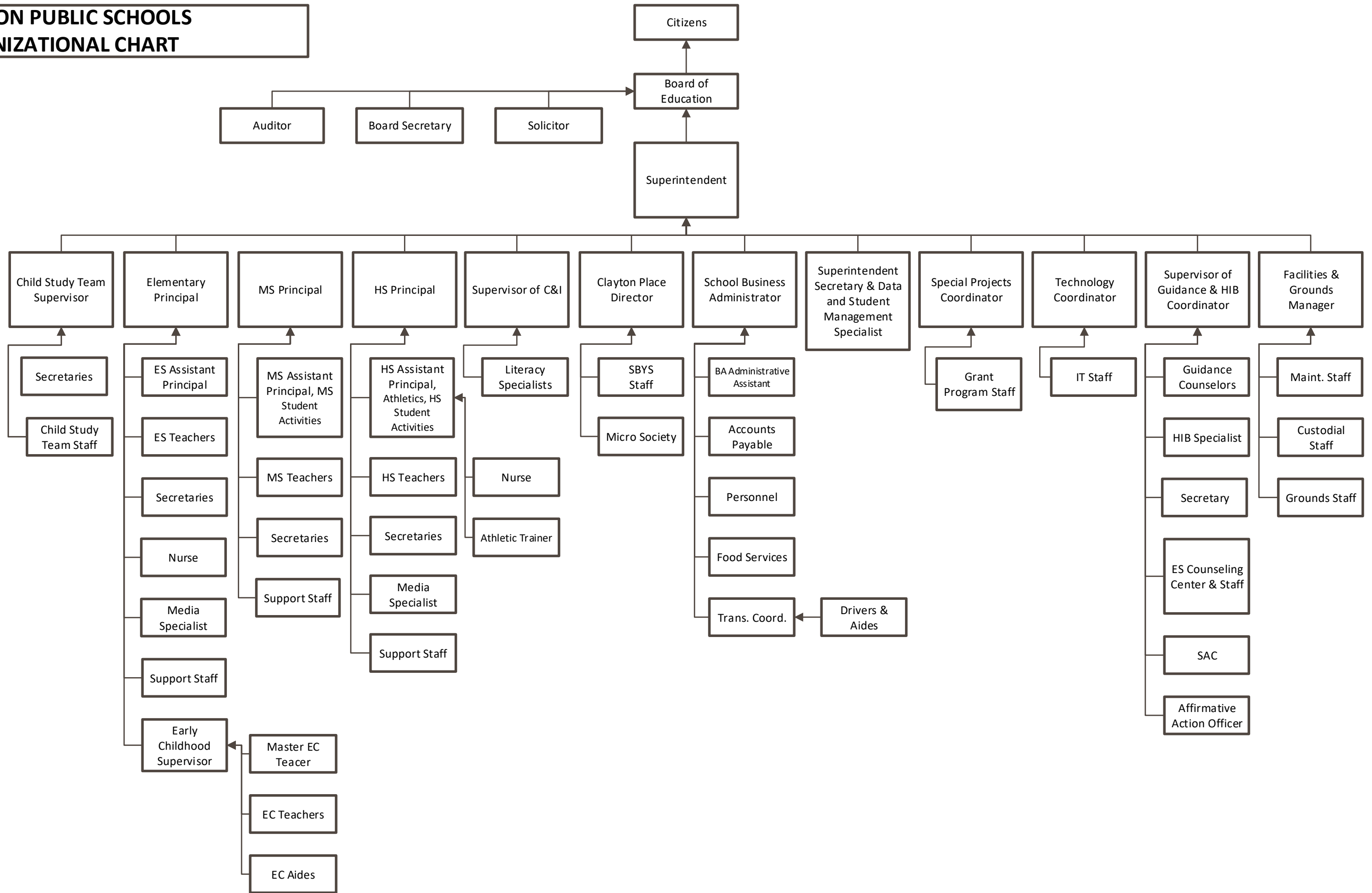
We could not have accomplished this report without the cooperation of the accounting staff of the school district and the administration.

Respectfully submitted,


Nikolaos C. Koutsogiannis
Superintendent of Schools


Frances C. Adler
School Business Administrator/Board Secretary

CLAYTON PUBLIC SCHOOLS ORGANIZATIONAL CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Paul Connell	President	2024
Robin Roche	Vice President	2024
Susan Giordano		2025
Anna Grant		2025
Crystal Greene		2023
Niamah King		2023
Jeremiah Long		2023
Nicole Shaw		2024
April Ward		2025
 <u>Other Officials</u>		
Nikolaos C. Koutsogiannis	Superintendent	
Frances C. Adler	Board Secretary/School Business Administrator	
Deborah A. Swietanski	Treasurer of School Monies	

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

CONSULTANTS AND ADVISORS

JUNE 30, 2023

Architect

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Audit Firm

Bowman & Company LLP
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Voorhees, New Jersey 08043

Attorney

Parker McCay
900 Midlantic Drive, Suite 300
Mount Laurel, NJ 08054

Official Depositories

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

Tuist Bank
114 North Main Street
Mullica Hill, NJ 08062

Special Counsel

Parker McCay
900 Midlantic Drive, Suite 300
Mount 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, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023, 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.

In our opinion, the accompanying 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 the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of June 30, 2023, 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.

Basis for Opinions

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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 combining statements and related major fund supporting statements and schedules, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 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

Carol A. McAllister

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

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BOROUGH OF CLAYTON SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The management's discussion and analysis of the Borough of Clayton School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2023 and 2022. 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 2023:

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,391,972 (net position).
- Governmental activities have an unrestricted (deficit) net position of (\$4,142,373). The accounting treatments for pensions, compensated absences payable and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its general fund expenditures as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District at fiscal year-end increased by \$3,092,678, a 23.25% increase from 2021-2022.
- Fund balance of the School District's governmental funds decreased by \$37,271, resulting in an ending fund balance of \$3,431,090.
- Business-type activities have unrestricted net position of \$323,614, which may be used to meet the School District's ongoing obligations of the enterprise-related activities (Food Service and Performing Arts Center).

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The School District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position (A-1) presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period (e.g., earned but unused sick leave).

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Cont'd)

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONT'D)

Government-wide Financial Statements (Cont'd) -

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, and Debt Service Fund. Business-type activities consolidate the Food Service Fund and the Performing Arts Center Fund.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into two categories: governmental funds and proprietary funds.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains three individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's two enterprise funds, the Food Service Fund and the Performing Arts Center Fund are listed individually and are considered to be major funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Cont'd)

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONT'D)

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, and inventories are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, construction in progress, buildings, improvements and equipment. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, payable to State Government, unearned revenues, accrued interest payable, and current portion of long-term liabilities. The liquidation of current liabilities is anticipated to be from currently available resources, current assets or new resources that become available during fiscal year 2024. Long-term liabilities such as financed purchases, compensated absences, and net pension liability will be liquidated from resources that will become available after fiscal year 2024.

The assets and deferred outflows of resources of the government activities exceeded liabilities and deferred inflows of resources by \$15,829,085 with an unrestricted (deficit) balance of (\$4,142,373). The net position of the government does not include internal balances.

Unrestricted (deficit) net position is primarily due to the accounting treatment for compensated absences payable, the last state aid payment, and the School District's proportionate share of the GASB 68 pension liability, and state statutes that prohibit school districts from maintaining more than 2.00% of its general fund expenditures as unrestricted fund balance.

A net investment of \$17,389,205 in land, improvements, buildings and equipment, which provide the services to the School District's 1,431 public school students at year-end, represents majority of the School District's net position. Net position of \$2,821,526 has been restricted for future budget appropriation.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Cont'd)

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

Table 1 provides a summary of the School District's net position for fiscal years 2023 and 2022.

TABLE 1				
Net Position				
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 4,974,410	\$ 5,509,575	\$ (535,165)	-9.71%
Capital Assets, net	34,184,069	30,315,466	3,868,603	12.76%
Total Assets	<u>39,158,479</u>	<u>35,825,041</u>	<u>3,333,438</u>	<u>9.30%</u>
Deferred Outflows of Resources:				
Related to Pensions	1,203,291	868,942	334,349	38.48%
Deferred Loss on Refunding	209,147	240,862	(31,715)	-13.17%
Total Deferred Outflows of Resources	<u>1,412,438</u>	<u>1,109,804</u>	<u>302,634</u>	<u>27.27%</u>
Liabilities:				
Long-Term Liabilities	21,681,648	19,554,634	2,127,014	10.88%
Other Liabilities	1,853,070	2,111,380	(258,310)	-12.23%
Total Liabilities	<u>23,534,718</u>	<u>21,666,014</u>	<u>1,868,704</u>	<u>8.63%</u>
Deferred Inflow of Resources - Related to Pensions	644,227	1,969,537	(1,325,310)	-67.29%
Net Position:				
Net Investment in Capital Assets	17,389,205	14,613,295	2,775,910	19.00%
Restricted	2,821,526	2,629,917	191,609	7.29%
Unrestricted (Deficit)	(3,818,759)	(3,943,918)	125,159	-3.17%
Total Net Position	<u>\$ 16,391,972</u>	<u>\$ 13,299,294</u>	<u>\$ 3,092,678</u>	<u>23.25%</u>

The School District is required to implement Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68. Table 2 provides an illustration of the impact that GASBS 68 and 71 had to the School District's Unrestricted Net Position.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 1,203,291	\$ 868,942	\$ 334,349	38.48%
Less: Net Pension Liability	(4,126,898)	(3,053,039)	(1,073,859)	-35.17%
Less: Deferred Inflows Related to Pensions	(644,227)	(1,969,537)	1,325,310	67.29%
	<u>\$ (3,567,834)</u>	<u>\$ (4,153,634)</u>	<u>\$ 585,800</u>	<u>14.10%</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Cont'd)

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

Table 3 reflects changes in net position for fiscal years 2023 and 2022.

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 628,375	\$ 417,512	\$ 210,863	50.50%
Operating Grants and Contributions	7,858,403	9,749,489	(1,891,086)	-19.40%
Capital Grants and Contributions	992,921	702,049	290,872	100.00%
General Revenues:				
Property Taxes	10,137,872	10,129,643	8,229	0.08%
Grants and Contributions	16,804,795	13,986,348	2,818,447	20.15%
Other	920,368	701,547	218,821	31.19%
Total Revenues	37,342,734	35,686,588	1,656,146	4.64%
Expenses:				
Instruction:				
Regular	9,146,915	8,952,807	194,108	2.17%
Special Education	1,453,839	1,173,012	280,827	23.94%
Other Instruction	1,305,081	831,040	474,041	57.04%
Tuition	1,663,584	1,582,557	81,027	5.12%
Student Services:				
Student and Instruction Related	4,796,817	4,528,700	268,117	16.94%
General Administrative Services	514,847	482,512	32,335	6.70%
School Administrative Services	1,071,635	1,026,903	44,732	4.36%
Central Services	322,492	325,191	(2,699)	-0.83%
Administration Information Technology	134,031	166,384	(32,353)	-19.44%
Plant Operations and Maintenance	3,271,799	2,958,643	313,156	10.58%
Pupil Transportation	1,296,355	1,036,399	259,956	25.08%
Unallocated Benefits	7,619,274	8,169,876	(550,602)	-6.74%
Transfer to Charter Schools	162,404	18,639	143,765	771.31%
Interest on Long-Term Debt	625,858	592,753	33,105	5.58%
Food Service	841,036	1,008,970	(167,934)	-16.64%
Performing Arts Center	24,089	25,026	(937)	-3.74%
Total Expenses	34,250,056	32,879,412	1,370,644	4.17%
Increase in Net Position	3,092,678	2,807,176	285,502	10.17%
Beginning Net Position	13,299,294	10,492,118	2,807,176	26.76%
Ending Net Position	\$ 16,391,972	\$ 13,299,294	\$ 3,092,678	23.25%

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Cont'd)

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

Governmental Activities

In 2022-2023, Governmental Activities Revenues were \$36,466,531 or 97.65% of total revenues.

In 2021-2022, Governmental Activities Revenues were \$34,659,541 or 97.12% of total revenues.

The net increase of \$1,806,990 in Governmental Activities Revenue from FY 2021-2022 to FY 2022-2023 was mainly related to the following: a) a result of the GASB 68 On-Behalf Pension Revenue increasing \$264,120 from 2021-2022; b) GASB 75 On-Behalf OPEB Revenue decreasing \$1,478,578 from 2021-2022; c) increase in transportation revenue and local special revenue, including student activities, by \$333,695; and d) increase in Federal and State grant revenues by approximately \$2,541,144 from 2021-2022, mainly because of increased State Aid.

In 2022-2023, General Revenues - Property Taxes of \$10,137,872 made up 27.80%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$16,804,795 made up 46.08% of total revenues.

In 2021-2022, General Revenues - Property Taxes of \$10,129,643 made up 29.23%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$13,986,345 made up 40.35% of total revenues.

In 2022-2023, the School District's Governmental Activities Expenditures increased by \$1,539,515 or 4.83% from 2021-2022. The decrease in the GASB 68 On-Behalf Pension and GASB 75 On-Behalf OPEB Expense of \$999,932 was netted with increases in instruction, pupil transportation, student and instruction related services, plant operations and maintenances, and health benefits costs.

Business-Type Activities

In 2022-2023 Business-Type Activities Revenues were \$876,206 or 2.35% of total revenues. In 2021-2022 Business-Type Activities Revenues were \$1,028,047 or 2.88% of total revenues.

Charges for Services for Business-Type Activities were \$236,074 in 2022-2023 compared to \$129,222 in 2021-2022, an 82.69% increase. The increase was attributed to increase in Food Service Fund; as COVID-19 waivers expired, Food Service operation resumed charging students for reimbursable meals served.

Expenses for Business-Type Activities were \$865,125 in 2022-2023 compared to \$1,033,996 in 2021-2022, a 16.33% decrease. The decreases in expenses are due to: 1) fewer meals and meal equivalents served as COVID-19 waivers expired; and 2) the District did not allocate administrative or facility charges to Food Service fund in 2022-2023.

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with New Jersey law. The most significant budgeted fund is the General Fund.

For the General Fund, the final budget basis revenue estimate was \$26,070,256, which was equal to the original estimate.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Cont'd)

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

General Fund Budgeting Highlights (Cont'd)

During Fiscal Year 2023, the School District budgeted \$9,036,488 and \$16,609,743 for local tax levy and state aid revenues, respectively. The School District also received \$810,688 in reimbursed TPAF Social Security aid, and \$4,500,944 in on-behalf TPAF Medical, Non-Contributory Insurance, Long-Term Disability Insurance and Pension Contributions. This has resulted in a favorable revenue variance.

The final budget basis expenditure appropriation estimate was \$28,035,713, which was equal to the original estimate.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$780,825 while total fund balance (budgetary basis) was \$4,035,779. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the general fund including other financing uses amounted to \$32,533,660. Unassigned fund balance (budgetary basis) represents 2.40% of expenditures while total fund balance (budgetary basis) represents 12.40% of that same amount.

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 \$3,431,090, a decrease of \$37,271 in comparison with the prior year.

Of the combined ending fund balances of \$3,431,090, unassigned fund balance is a deficit of (\$781,503), the deficit in fund balance is a result of delay in the June payments of state aid, as discussed in note 19 of the financial statements. The remainder of fund balance of \$4,212,593 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary funds had \$323,614 in unrestricted net position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The School District's net capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$34,184,069. This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment, regardless of leased or purchased. The net increase in the School District's capital assets net of accumulated depreciation and amortization for the current fiscal year was \$3,868,603.

Major capital asset events for Governmental Activities during the current fiscal year included the following:

- Depreciation and amortization expense of \$1,672,271.
- Capital asset acquisition in the amount of \$5,560,481, including assets acquired through lease and financed purchases.
- Transfer of \$1,313,278 from construction in progress to building and improvements.

Table 4 reflects the capital assets.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited) (Cont'd)

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

TABLE 4
Capital Assets (Net of Depreciation and Amortization)

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Land	\$ 510,670	\$ 510,670
Construction in Progress	3,137,621	440,204
Site Improvements	957,225	878,218
Building and Improvements	27,134,876	26,887,466
Equipment	<u>2,443,677</u>	<u>1,598,908</u>
 Total Capital Assets, Net	 <u>\$ 34,184,069</u>	 <u>\$ 30,315,466</u>

Long-term Debt - At the end of the current fiscal year, the School District had total bonded debt outstanding of \$13,820,000. General obligation bonds for the School District decreased during the current fiscal year according to the normal schedule of payments.

State statutes limit the amount of general obligation debt that the School District may issue. At the end of the current fiscal year, the legal debt limit was \$22,079,172 and the legal debt margin was \$8,259,172.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 8) of this report.

FACTORS ON THE DISTRICT'S FUTURE

For the 2022-2023 school year, the School District was able to sustain its budget through the local tax levy, federal aid, state aid and miscellaneous revenue sources. Despite unpredictable funding from the State of New Jersey, the School District manages to provide an excellent educational opportunity for all the School District students. 27.15% of total revenue is from local tax levy and 68.70% of the School District's revenue is from operating and capital grants and contributions, including 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 School District's finances and the School District's accountability for the resources it received for all those with an interest in the School District. Questions about this report or requests for additional financial information should be addressed to the Business Administrator / Board Secretary at:

Borough of Clayton Board of Education
350 East Clinton Street
Clayton, NJ 08312

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF CLAYTON SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 633,570.52	\$ 288,982.82	\$ 922,553.34
Receivables, net	1,194,157.15	22,043.21	1,216,200.36
Inventory		12,588.23	12,588.23
Restricted Cash and Cash Equivalents	2,823,067.60		2,823,067.60
Capital Assets, net	33,944,796.31	239,273.12	34,184,069.43
Total Assets	38,595,591.58	562,887.38	39,158,478.96
DEFERRED OUTFLOWS:			
Loss on Refunding of Debt Related to Pension	209,147.59		209,147.59
	1,203,291.00		1,203,291.00
Total Deferred Outflows of Resources	1,412,438.59	-	1,412,438.59
LIABILITIES:			
Accounts Payable			
Related to Pensions	425,089.00		425,089.00
Other	518,864.45		518,864.45
Payable to State Government	69,497.83		69,497.83
Unearned Revenue	631,342.72		631,342.72
Accrued Interest Payable	208,276.21		208,276.21
Noncurrent Liabilities:			
Due within One Year	1,661,343.86		1,661,343.86
Due beyond One Year	20,020,304.19		20,020,304.19
Total Liabilities	23,534,718.26	-	23,534,718.26
DEFERRED INFLOWS:			
Related to Pension	644,227.00	-	644,227.00
NET POSITION:			
Net Investment in Capital Assets	17,149,931.55	239,273.12	17,389,204.67
Restricted for:			
Debt Service	1.29		1.29
Student Activities	308,601.91		308,601.91
Capital Projects	1,311,930.30		1,311,930.30
Other Purposes	1,200,992.99		1,200,992.99
Unrestricted (Deficit)	(4,142,373.13)	323,614.26	(3,818,758.87)
Total Net Position	\$ 15,829,084.91	\$ 562,887.38	\$ 16,391,972.29

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, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 9,146,914.78	\$ 261,855.14	\$ 2,121,175.20		\$ (6,763,884.44)		\$ (6,763,884.44)
Special Education	1,453,838.61				(1,453,838.61)		(1,453,838.61)
Other Instruction	1,305,080.85				(1,305,080.85)		(1,305,080.85)
Support Services:							
Tuition	1,663,583.95				(1,663,583.95)		(1,663,583.95)
Student and Instruction Related Services	4,796,817.11		1,365,450.91	\$ 992,921.33	(2,438,444.87)		(2,438,444.87)
General Administrative Services	514,847.40				(514,847.40)		(514,847.40)
School Administrative Services	1,071,635.35				(1,071,635.35)		(1,071,635.35)
Central Services	322,491.78				(322,491.78)		(322,491.78)
Administrative Information Technology	134,030.58				(134,030.58)		(134,030.58)
Plant Operations and Maintenance	3,271,799.54				(3,271,799.54)		(3,271,799.54)
Pupil Transportation	1,296,354.97	130,445.71			(1,165,909.26)		(1,165,909.26)
Unallocated Benefits	7,619,273.54		3,731,647.66		(3,887,625.88)		(3,887,625.88)
Transferred to Charter School	162,404.00				(162,404.00)		(162,404.00)
Interest on Long-Term Debt	625,858.23				(625,858.23)		(625,858.23)
Total Governmental Activities	33,384,930.69	392,300.85	7,218,273.77	992,921.33	(24,781,434.74)	\$ -	(24,781,434.74)
Business-Type Activities:							
Food Service	841,035.86	203,341.78	640,129.25			2,435.17	2,435.17
Performing Arts Center	24,089.31	32,732.59				8,643.28	8,643.28
Total Business-Type Activities	865,125.17	236,074.37	640,129.25	-	-	11,078.45	11,078.45
Total Government	\$ 34,250,055.86	\$ 628,375.22	\$ 7,858,403.02	\$ 992,921.33	(24,781,434.74)	11,078.45	(24,770,356.29)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					9,036,488.00		9,036,488.00
Property Taxes, Levied for Debt Service					1,101,384.00		1,101,384.00
Federal and State Aid Not Restricted					16,692,959.95		16,692,959.95
Federal and State Aid Restricted					111,835.00		111,835.00
Miscellaneous Income					920,367.91		920,367.91
Total General Revenues					27,863,034.86	-	27,863,034.86
Change in Net Position					3,081,600.12	11,078.45	3,092,678.57
Net Position -- July 1					12,747,484.79	551,808.93	13,299,293.72
Net Position -- June 30					\$ 15,829,084.91	\$ 562,887.38	\$ 16,391,972.29

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 633,570.52	\$ 860,585.43	\$ 1.29	\$ 1,494,157.24
Cash Held by Fiscal Agent	650,554.14			650,554.14
Cash - Capital Reserve Account	1,311,926.74			1,311,926.74
Intergovernmental Accounts Receivable, net				
Federal		305,878.07		305,878.07
State	724,411.95			724,411.95
Other	67,022.03	77,442.86		144,464.89
Other Accounts Receivable	19,402.24			19,402.24
Interfunds Accounts Receivable	220,813.90			220,813.90
Total Assets	\$ 3,627,701.52	\$ 1,243,906.36	\$ 1.29	\$ 4,871,609.17
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 484,205.17	\$ 13,650.00		\$ 497,855.17
Interfunds Accounts Payable		220,813.90		220,813.90
Payable to State Government		69,497.83		69,497.83
Payroll Deductions and Withholdings Payable	21,009.28			21,009.28
Unearned Revenue		631,342.72		631,342.72
Total Liabilities	505,214.45	935,304.45	\$ -	1,440,518.90
Fund Balances:				
Restricted:				
Capital Reserve Account	1,311,930.30			1,311,930.30
Excess Surplus--Designated for Subsequent Year's Expenditures	491,246.63			491,246.63
Excess Surplus	709,746.36			709,746.36
Debt Service			1.29	1.29
Student Activities		308,601.91		308,601.91
Committed	649,035.69			649,035.69
Assigned:				
Subsequent Year's Expenditures	621,479.00			621,479.00
Subsequent Year's Expenditures - FFCRA / SEMI	8,412.32			8,412.32
Other Purposes	112,140.03			112,140.03
Unassigned (Deficit)	(781,503.26)			(781,503.26)
Total Fund Balances (Deficit)	3,122,487.07	308,601.91	1.29	3,431,090.27
Total Liabilities and Fund Balances	\$ 3,627,701.52	\$ 1,243,906.36	\$ 1.29	

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 \$57,577,890.60, and the accumulated depreciation and amortization is \$23,633,094.29.	33,944,796.31
Long-term liabilities, including bonds payable, pension liability, lease liability, financed purchase and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.	(21,681,648.05)
Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(208,276.21)
Accounts payable related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.	(425,089.00)
Deferred Outflows of Resources - Related to Pensions	1,203,291.00
Deferred Outflows of Resources - Loss on Refunding of Debt	209,147.59
Deferred Inflows of Resources - Related to Pensions	(644,227.00)
Net position of governmental activities	\$ 15,829,084.91

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Tax Levy	\$ 9,036,488.00		\$ 1,101,384.00	\$ 10,137,872.00
Tuition Charges	261,855.14			261,855.14
Transportation Charges	130,445.71			130,445.71
Unrestricted Miscellaneous Revenues	23,902.59			23,902.59
State Sources	22,215,699.01	\$ 1,666,992.74	111,835.00	23,994,526.75
Federal Sources	88,008.80	2,842,936.50		2,930,945.30
Local Sources	76,882.70	819,582.62		896,465.32
Total Revenues	31,833,281.95	5,329,511.86	1,213,219.00	38,376,012.81
EXPENDITURES:				
Current:				
Regular Instruction	7,140,312.65	2,121,175.20		9,261,487.85
Special Education Instruction	1,453,838.61			1,453,838.61
Other Instruction	1,305,080.85			1,305,080.85
Support Services and Undistributed Costs:				
Tuition	1,663,583.95			1,663,583.95
Student and Instruction Related Services	2,645,160.25	2,031,555.42		4,676,715.67
General Administrative Services	507,635.40			507,635.40
School Administrative Services	1,071,635.35			1,071,635.35
Central Services	322,491.78			322,491.78
Administrative Information Technology	211,612.27			211,612.27
Plant Operations and Maintenance	1,867,409.30			1,867,409.30
Pupil Transportation	1,351,434.20			1,351,434.20
Unallocated Benefits	9,712,640.57	329,497.35		10,042,137.92
Transferred to Charter School	162,404.00			162,404.00
Debt Service:				
Principal			715,000.00	715,000.00
Interest and Other Charges	156,872.00		500,618.82	657,490.82
Capital Outlay	4,402,557.17	992,921.33		5,395,478.50
Total Expenditures	33,974,668.35	5,475,149.30	1,215,618.82	40,665,436.47
Excess (Deficiency) of Revenues over Expenditures	(2,141,386.40)	(145,637.44)	(2,399.82)	(2,289,423.66)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In		162,108.00		162,108.00
Operating Transfers Out	(162,108.00)			(162,108.00)
Proceeds from Issuance of Lease Liability	252,152.53			252,152.53
Proceeds from Issuance of Financed Purchase Liability	2,000,000.00			2,000,000.00
Total Other Financing Sources (Uses)	2,090,044.53	162,108.00	-	2,252,152.53
Net Change in Fund Balances	(51,341.87)	16,470.56	(2,399.82)	(37,271.13)
Fund Balance -- July 1	3,173,828.94	292,131.35	2,401.11	3,468,361.40
Fund Balance -- June 30	<u>\$ 3,122,487.07</u>	<u>\$ 308,601.91</u>	<u>\$ 1.29</u>	<u>\$ 3,431,090.27</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	(37,271.13)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
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 and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the period.		
Depreciation and Amortization Expense		\$ (1,672,271.32)
Capital Outlays		<u>5,395,478.50</u>
		3,723,207.18
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.		
		715,000.00
Proceeds from leases and financed purchases are a financing source in the governmental funds. They are not revenues in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.		
		(2,252,152.53)
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.		
		56,657.27
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. (+)		
		(25,024.68)
Repayment of lease liability and financed purchase liability 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.		
		387,801.63
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 (+).		
		7,824.38
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		<u>505,558.00</u>
Change in Net Position of Governmental Activities		<u>\$ 3,081,600.12</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, 2023

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 223,801.45	\$ 65,181.37	\$ 288,982.82
Accounts Receivable:			
State	786.97		786.97
Federal	21,256.24		21,256.24
Inventories	12,588.23		12,588.23
Total Current Assets	<u>258,432.89</u>	<u>65,181.37</u>	<u>323,614.26</u>
Noncurrent Assets:			
Equipment	552,132.42		552,132.42
Less Accumulated Depreciation	<u>(312,859.30)</u>		<u>(312,859.30)</u>
Total Noncurrent Assets	<u>239,273.12</u>	<u>-</u>	<u>239,273.12</u>
Total Assets	<u>497,706.01</u>	<u>65,181.37</u>	<u>562,887.38</u>
NET POSITION:			
Net Investment in Capital Assets	239,273.12		239,273.12
Unrestricted	<u>258,432.89</u>	<u>65,181.37</u>	<u>323,614.26</u>
Total Net Position	<u>\$ 497,706.01</u>	<u>\$ 65,181.37</u>	<u>\$ 562,887.38</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, 2023

	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	\$ 112,465.40		\$ 112,465.40
Daily Sales - Non-Reimbursable Programs	90,876.38		90,876.38
Rent		\$ 32,732.59	32,732.59
	<u>203,341.78</u>	<u>32,732.59</u>	<u>236,074.37</u>
Total Operating Revenues	203,341.78	32,732.59	236,074.37
OPERATING EXPENSES:			
Salaries	273,121.97	15,577.38	288,699.35
Employee Benefits	51,727.81		51,727.81
Purchased Professional/Technical Services	72,524.00		72,524.00
Other Purchased Services	26,360.34	2,000.00	28,360.34
Supplies and Materials	36,087.96	6,511.93	42,599.89
Cost of Sales - Reimbursable Programs	322,647.54		322,647.54
Cost of Sales - Non-Reimbursable Programs	38,959.94		38,959.94
Depreciation	19,606.30		19,606.30
	<u>841,035.86</u>	<u>24,089.31</u>	<u>865,125.17</u>
Total Operating Expenses	841,035.86	24,089.31	865,125.17
Operating Income (Loss)	(637,694.08)	8,643.28	(629,050.80)
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	13,052.97		13,052.97
State School Breakfast Program	1,525.50		1,525.50
State School Breakfast After the Bell	4,145.30		4,145.30
Federal Sources:			
Healthy Hunger Free Kids Act	8,833.84		8,833.84
National School Lunch Program	361,178.84		361,178.84
National School Lunch Program - Supply Chain Assistance	78,112.71		78,112.71
National School Lunch Program - Snacks Program	1,638.36		1,638.36
National School Breakfast Program	116,990.86		116,990.86
Food Distribution Program	54,650.87		54,650.87
	<u>640,129.25</u>	<u>-</u>	<u>640,129.25</u>
Total Nonoperating Revenues	640,129.25	-	640,129.25
Change in Net Position	2,435.17	8,643.28	11,078.45
Total Net Position -- July 1	495,270.84	56,538.09	551,808.93
Total Net Position -- June 30	\$ 497,706.01	\$ 65,181.37	\$ 562,887.38

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, 2023

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 203,341.78	\$ 28,095.49	\$ 231,437.27
Payments to Employees	(273,121.97)	(15,577.38)	(288,699.35)
Payments for Employee Benefits	(51,727.81)		(51,727.81)
Payments to Suppliers	(443,657.96)	(8,511.93)	(452,169.89)
Net Cash Provided By (Used For) Operating Activities	<u>(565,165.96)</u>	<u>4,006.18</u>	<u>(561,159.78)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash Received from State and Federal Reimbursements	<u>709,333.92</u>		<u>709,333.92</u>
Net Cash Provided By (Used For) Non-Capital Financing Activities	<u>709,333.92</u>	<u>-</u>	<u>709,333.92</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	<u>(165,002.42)</u>		<u>(165,002.42)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(165,002.42)</u>	<u>-</u>	<u>(165,002.42)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(20,834.46)	4,006.18	(16,828.28)
Cash and Cash Equivalents -- July 1	<u>244,635.91</u>	<u>61,175.19</u>	<u>305,811.10</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 223,801.45</u></u>	<u><u>\$ 65,181.37</u></u>	<u><u>\$ 288,982.82</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating Income (Loss)	<u>\$ (637,694.08)</u>	<u>\$ 8,643.28</u>	<u>\$ (629,050.80)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Depreciation and Net Amortization	19,606.30		19,606.30
Federal Commodities	54,650.87		54,650.87
(Increase) Decrease in Accounts Receivable Other		1,599.90	1,599.90
(Increase) Decrease in Inventories	(1,729.05)		(1,729.05)
Increase (Decrease) in Other Current Liabilities		(6,237.00)	(6,237.00)
Total Adjustments	<u>72,528.12</u>	<u>(4,637.10)</u>	<u>67,891.02</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ (565,165.96)</u></u>	<u><u>\$ 4,006.18</u></u>	<u><u>\$ (561,159.78)</u></u>

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, 2023

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 Pre-K through 12 at its three schools. The School District has an approximate enrollment at June 30, 2023 of 1,431.

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.

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.

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

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

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

The School District reports the following major governmental funds:

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

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

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

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):

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

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

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

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 providing facilities and support to outside parties who pay for such services through fees charged.

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.

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.

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

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

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

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

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

Encumbrances

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

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

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

Cash, Cash Equivalents and Investments

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

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

New Jersey school districts are limited as to the types of investments and types of financial institutions 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.

Lease Receivable

Lease receivables recorded on the government-wide financial statement, in the governmental funds, and in the proprietary fund types represents a contract that conveys control of the right to use the School District's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The School District was not a lessor during the fiscal year ended June 30, 2023.

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, 2023. The School District had no prepaid expenses for the fiscal year ended June 30, 2023.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 used 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. Intangible right to use assets (lease and subscription assets) are recorded as expenditures in the governmental fund financial statements. Lease assets are measured on the government-wide statement of net position and proprietary fund statement of net position at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subscription assets are recorded as expenditures in the governmental fund financial statements. Subscription assets are measured on the government-wide statement of net position and proprietary fund statement of net position at the amount of the initial measurement of the related subscription liability, plus any payments associated with the arrangement made to the vendor at the commencement of the subscription term and capitalizable initial implementation costs. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the useful life of the assets. Lease and subscription assets are amortized in a systematic and rational manner over the shorter of the lease and subscription term or the useful life of the underlying assets. The useful lives of the School District's capital assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Site Improvements	10-20 Years
Buildings and Improvements	20-50 Years
Equipment	5-15 Years
Subscription Assets	3-5 Years

The School District does not possess any infrastructure assets.

Deferred Outflows of Resources and Deferred Inflows of Resources

The statement of net position and the balance sheet for governmental funds 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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, 2023 and 2022 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2023, 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations (Cont'd)**

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 Premiums

Bond 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 premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

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

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation or amortization of intangible capital assets, 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.

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

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

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

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

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

Interfund Activity

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

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.

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

Impact of Recently Issued Accounting Principles

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, 2024:

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the School District in the fiscal year ending June 30, 2025. 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, 2023, the School District's bank balances of \$5,028,841.54 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 4,990,673.61
Uninsured and Uncollateralized	<u>38,167.93</u>
Total	<u><u>\$ 5,028,841.54</u></u>

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$105.00 on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022		\$ 1,311,864.72
Increased by:		
Interest Earnings	\$ 65.58	
Deposits:		
Board Resolution (June 13, 2023)	<u>600,000.00</u>	
		<u>600,065.58</u>
		1,911,930.30
Decreased by:		
Withdrawals:		
Budgeted Withdrawal		<u>600,000.00</u>
Ending Balance, June 30, 2023		<u><u>\$ 1,311,930.30</u></u>

The June 30, 2023 LRFP balance of local support costs of uncompleted projects at June 30, 2023 is \$3,695,622.20. 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: TRANSFERS FROM CAPITAL RESERVE TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the School District transferred \$600,000.00 to the capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23A-8.4.

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 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:

<u>Description</u>	<u>Governmental Funds</u>		<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>	
Federal Awards		\$ 305,878.07	\$ 305,878.07	\$ 21,256.24	\$ 21,256.24	\$ 327,134.31
State Awards	\$ 724,411.83		724,411.83	786.97	786.97	725,198.80
Local Awards		77,442.86	77,442.86			77,442.86
Provided Services	86,424.39		86,424.39			86,424.39
Total	<u>\$ 810,836.22</u>	<u>\$ 383,320.93</u>	<u>\$ 1,194,157.15</u>	<u>\$ 22,043.21</u>	<u>\$ 22,043.21</u>	<u>\$ 1,216,200.36</u>

Note 6: INVENTORY

Inventory recorded at June 30, 2023 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	\$ 7,305.74
Supplies	<u>5,282.49</u>
	<u>\$ 12,588.23</u>

Note 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 is as follows for governmental activities:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 510,670.00				\$ 510,670.00
Construction in Progress	440,204.15	\$ 4,010,694.82	\$ (1,313,278.00)		3,137,620.97
Total Capital Assets, not being Depreciated	950,874.15	4,010,694.82	(1,313,278.00)	\$ -	3,648,290.97
Capital Assets, being Depreciated:					
Site Improvements	2,219,036.00	205,981.00			2,425,017.00
Buildings and Improvements	44,979,926.00	65,762.00	1,313,278.00		46,358,966.00
Vehicles and Equipment	4,032,575.95	860,888.15			4,893,464.10
Total Capital Assets, being Depreciated	51,231,537.95	1,132,631.15	1,313,278.00	-	53,677,447.10
Total Capital Assets, Cost	52,182,412.10	5,143,325.97	-	-	57,325,738.07
Less Accumulated Depreciation:					
Site Improvements	(1,340,818.00)	(126,973.77)			(1,467,791.77)
Buildings and Improvements	(18,092,460.20)	(1,131,629.84)			(19,224,090.04)
Vehicles and Equipment	(2,527,544.77)	(371,642.27)			(2,899,187.04)
Total Accumulated Depreciation	(21,960,822.97)	(1,630,245.88)	-	-	(23,591,068.85)
Total Capital Assets, being Depreciated, net Excluding Lease and Subscription Assets	29,270,714.98	(497,614.73)	1,313,278.00	-	30,086,378.25
Total Capital Assets, net Excluding Lease and Subscription Assets	30,221,589.13	3,513,080.09	-	-	33,734,669.22
Lease Assets:					
Furniture, Fixtures and Equipment		252,152.53			252,152.53
Less Accumulated Amortization:					
Lease Assets:					
Furniture, Fixtures and Equipment		(42,025.44)			(42,025.44)
Total Lease Assets	-	210,127.09	-	-	210,127.09
Governmental Activities Capital Assets, Net	\$ 30,221,589.13	\$ 3,723,207.18	\$ -	\$ -	\$ 33,944,796.31

Note 7: CAPITAL ASSETS (CONT'D)

Capital asset activity for the fiscal year ended June 30, 2023 is as follows for business-type activities:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:					
Capital Assets, being Depreciated:					
Furniture, Fixtures and Equipment	\$ 387,130.00	\$ 165,002.42			\$ 552,132.42
Total Capital Assets, being Depreciated	387,130.00	165,002.42	\$ -	\$ -	552,132.42
Less Accumulated Depreciation for:					
Furniture, Fixtures and Equipment	(293,253.00)	(19,606.30)			(312,859.30)
Total Accumulated Depreciation	(293,253.00)	(19,606.30)	-	-	(312,859.30)
Total Capital Assets, being Depreciated, Net	93,877.00	145,396.12	-	-	239,273.12
Business-Type Activities Capital Assets, Net	\$ 93,877.00	\$ 145,396.12	\$ -	\$ -	\$ 239,273.12

Depreciation and amortization expense were charged to functions / programs of the School District as follows:

Governmental Activities:

Regular Instruction	\$ 88,818.00
Student & Instruction Related Services	7,212.00
General and Business Administrative Services	120,101.44
Plant Operation and Maintenance	<u>1,456,139.88</u>

Total Depreciation and Amortization Expense -
Governmental Activities

\$ 1,672,271.32

Business-Type Activities:

Food Service	<u>\$ 19,606.30</u>
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Note 8: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 14,535,000.00		\$ (715,000.00)	\$ 13,820,000.00	\$ 745,000.00
Add Amounts:					
Premium on Bonds	674,292.86		(88,371.35)	585,921.51	
Total Bonds Payable	<u>15,209,292.86</u>	<u>\$ -</u>	<u>(803,371.35)</u>	<u>14,405,921.51</u>	<u>745,000.00</u>
Other Liabilities:					
Financed Purchases	733,739.94	2,000,000.00	(348,693.45)	2,385,046.49	638,732.32
Compensated Absences	558,562.08	212,089.86	(219,914.24)	550,737.70	216,833.66
Net Pension Liability	3,053,039.00	2,587,029.00	(1,513,170.00)	4,126,898.00	
Total Other Liabilities	<u>4,345,341.02</u>	<u>4,799,118.86</u>	<u>(2,081,777.69)</u>	<u>7,062,682.19</u>	<u>855,565.98</u>
Lease Liabilities	<u>-</u>	<u>252,152.53</u>	<u>(39,108.18)</u>	<u>213,044.35</u>	<u>60,777.88</u>
Governmental Activities Long-Term Liabilities	<u>\$ 19,554,633.88</u>	<u>\$ 5,051,271.39</u>	<u>\$ (2,924,257.22)</u>	<u>\$ 21,681,648.05</u>	<u>\$ 1,661,343.86</u>

The bonds payable are generally liquidated by the debt service fund, while lease liabilities, financed purchases, compensated absences, and net pension liability 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.

On March 18, 2015, the School District issued \$9,730,000.00 general obligation school bonds at interest rates varying from 3.00% to 4.00% for an addition, renovations and improvements to the Clayton High School and renovations and improvements to the Herma Simmons Elementary School and the acquisition of necessary furnishings and equipment, as well as any associated site work. The final maturity of these bonds is March 1, 2040. The bonds will be paid from property taxes.

On May 15, 2020, the School District issued \$7,065,000.00 refunding school bonds at interest rates varying from 2.00% to 4.00%. The proceeds of the bonds were used to refund all of the \$7,627,000.00 outstanding callable principal amount of school bonds issued in the original amount of \$10,017,000 dated January 28, 2010 and maturing on September 1 in the years 2021 through 2024, inclusive. The final maturity of these bonds is September 1, 2034. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 745,000.00	\$ 474,506.26	\$ 1,219,506.26
2025	775,000.00	447,381.26	1,222,381.26
2026	810,000.00	423,487.50	1,233,487.50
2027	835,000.00	403,025.00	1,238,025.00
2028	870,000.00	377,093.76	1,247,093.76
2029-2033	4,930,000.00	1,380,550.02	6,310,550.02
2034-2038	3,805,000.00	520,300.04	4,325,300.04
2039-2040	1,050,000.00	63,000.00	1,113,000.00
Total	<u>\$ 13,820,000.00</u>	<u>\$ 4,089,343.84</u>	<u>\$ 17,909,343.84</u>

Note 8: LONG-TERM LIABILITIES (CONT'D)

Bonds Authorized but not Issued - As of June 30, 2023, the School District had no authorizations to issue additional bonded debt.

Financed Purchases - The School District's payments on financed purchases are budgeted and paid from the general fund on an annual basis.

As of June 30, 2023, the School District is financing:

- Technology equipment, textbooks, school van and cameras with a total cost of \$425,000.00. The agreement is for a term of five (5) years with an interest rate of 2.43%. The final maturity of the financed purchase is September 15, 2023.
- School buses, technology equipment, chiller, floor and media equipment with a total cost of \$600,000.00. The agreement is for a term of five (5) years with an interest rate of 1.79%. The final maturity of the financed purchase is August 26, 2024.
- Haupt Field Improvement Project, school buses, technology equipment, textbook and auditorium upgrades with a total cost of \$2,000,000.00. The agreement is for a term of five (5) years with an interest rate of 4.254%. The final maturity of the financed purchase is August 1, 2027.

The following is a schedule of the remaining future minimum payments under the financed purchases, and the present value of the net minimum payments at June 30, 2023:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 638,732.32	\$ 56,948.40	\$ 695,680.72
2025	518,099.62	70,797.07	588,896.69
2026	392,472.60	52,247.40	444,720.00
2027	409,168.11	35,551.89	444,720.00
2028	426,573.84	18,146.16	444,720.00
Total	<u>\$ 2,385,046.49</u>	<u>\$ 233,690.92</u>	<u>\$ 1,729,297.41</u>

Financed purchases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

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

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

Lease Liabilities - The School District's payments on lease liabilities are budgeted and paid from the general fund on an annual basis.

The School District leased copiers to be used by various departments within different school buildings. The copiers were leased beginning on November 1, 2022 for a term of four years. The implied interest rate is based on the School District's estimated incremental borrowing rate of 4.254%. This lease can be extended on a month-to-month basis at the expiration of the lease agreement.

Note 8: LONG-TERM LIABILITIES (CONT'D)

Lease Liabilities (Cont'd) - Annual requirements to amortize lease obligations and related interest are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 60,777.88	\$ 7,886.96	\$ 68,664.84
2025	63,414.36	5,250.48	68,664.84
2026	66,165.24	2,499.60	68,664.84
2027	22,686.87	201.41	22,888.28
Total	<u>\$ 213,044.35</u>	<u>\$ 15,838.45</u>	<u>\$ 228,882.80</u>

Lease liabilities are amortized in a manner consistent with the School District's depreciation policy for owned assets.

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 ("DCRP"), which is a defined contribution pension plan. The DCRP is administered by Empower (formerly Prudential Financial).

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>

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

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

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

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan that was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the 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 P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. 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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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) - Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

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

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

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2022. The State's contribution is based on an actuarially determined amount, which includes the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more 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*.

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

Teachers' Pension and Annuity Fund (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 33.67% 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, 2023 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, 2022, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2023 was \$3,720,400.00, and was paid by April 1, 2023. School District employee contributions to the Plan during the fiscal year ended June 30, 2023 were \$831,708.89.

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 2022. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and an amortization of the unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 17.62% 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, 2022, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2023 was \$344,847.00, and was paid by April 1, 2023. School District employee contributions to the Plan during the fiscal year ended June 30, 2023 were \$185,792.75.

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

Public Employees' Retirement System (Cont'd) - The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the School District, under Chapter 133, P.L. 2001, for the fiscal year ended June 30, 2023 was .36% of the School District's covered payroll.

Based on the most recent PERS measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2023 was \$8,683.00.

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.

For the fiscal year ended June 30, 2023, employee contributions totaled \$18,795.11, and the School District recognized pension expense, which equaled the required contributions, of \$13,830.49. There were no forfeitures during the fiscal year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Teachers' Pension and Annuity Fund**

Pension Liability - At June 30, 2023, 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:

Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Employer	45,863,883.00
	<u>\$ 45,863,883.00</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. For the June 30, 2022 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, 2022 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 .0888931134%, which was an increase of .0023601133% from its proportion measured as of June 30, 2021.

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

Pension (Benefit) Expense - For the fiscal year ended June 30, 2023, the State's proportionate share of the pension (benefit) expense, associated with the School District, calculated by the Plan as of June 30, 2022 measurement date, was \$1,234,325.00. This on-behalf expense has been recognized by the School District in the government-wide financial statements.

Public Employees' Retirement System

Pension Liability - At June 30, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The School District reported a liability of \$4,126,898.00 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. 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, 2022 measurement date, the School District's proportion was .0273460641%, which was an increase of .0015744119% from its proportion measured as of June 30, 2021.

Pension (Benefit) Expense - For the fiscal year ended June 30, 2023, the School District recognized pension (benefit) expense of (\$160,710.00), in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2022 measurement date.

For the fiscal year ended June 30, 2023, the State's proportionate share of the pension (benefit) expense, associated with the School District, under Chapter 133, P.L. 2001, calculated by the Plan as of June 30, 2022 measurement date, was \$8,683.00. This on-behalf expense has been recognized by the School District in the government-wide financial statements.

Deferred Outflows and Inflows of Resources - At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 29,786.00	\$ 26,267.00
Changes of Assumptions	12,786.00	617,960.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	170,809.00	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	564,821.00	-
Contributions Subsequent to the Measurement Date	425,089.00	-
	<u>\$ 1,203,291.00</u>	<u>\$ 644,227.00</u>

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) 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) - Deferred outflows of resources in the amount of \$425,089.00 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2024. 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:

Fiscal Year	
<u>Ending June 30,</u>	
2024	\$ (239,411.00)
2025	68,926.00
2026	42,880.00
2027	259,624.00
2028	1,956.00
	<u>\$ 133,975.00</u>

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</u>	<u>Deferred</u>		<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>		<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>		<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience			Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2017	5.48	-	June 30, 2018	5.00	-
June 30, 2018	-	5.63	June 30, 2019	5.00	-
June 30, 2019	5.21	-	June 30, 2020	5.00	-
June 30, 2020	5.16	-	June 30, 2021	5.00	-
June 30, 2021	-	5.13	June 30, 2022	5.00	-
June 30, 2022	-	5.04			
Changes of Assumptions			Changes in Proportion		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2017	-	5.48	June 30, 2017	5.48	5.48
June 30, 2018	-	5.63	June 30, 2018	5.63	5.63
June 30, 2019	-	5.21	June 30, 2019	5.21	5.21
June 30, 2020	-	5.16	June 30, 2020	5.16	5.16
June 30, 2021	5.13	-	June 30, 2021	5.13	5.13
June 30, 2022	-	5.04	June 30, 2022	5.04	5.04

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

The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2021. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 5.65%	2.75% - 6.55%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

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-2021.

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-2021.

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

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, 2022 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.

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, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rea Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate -

Teachers' Pension and Annuity Fund - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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 projected benefit payments in determining the total pension liability.

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

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 in determining the total pension liability.

Sensitivity of 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, 2022, 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, 2022 (Plan's measurement date), attributable to the School District, calculated using the discount rate of 7.00% 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Employer	<u>53,776,377.00</u>	<u>45,863,883.00</u>	<u>39,198,601.00</u>
	<u>\$ 53,776,377.00</u>	<u>\$ 45,863,883.00</u>	<u>\$ 39,198,601.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2022, 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	<u>\$ 5,301,854.00</u>	<u>\$ 4,126,898.00</u>	<u>\$ 3,126,962.00</u>

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

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

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.

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

Employees Covered by Benefit Terms - At June 30, 2022, 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	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>364,817</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.

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2023 was \$41,379,524.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability.

The total non-employer OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. For the June 30, 2022 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was .0817026927%, which was a decrease of .0006344613% from its proportion measured as of June 30, 2021.

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, 2021, which was rolled forward to June 30, 2022, used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP</u> *	<u>PERS</u> *	<u>PFRS</u> *
Salary Increases	2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%

* based on service years

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

Differences between expected and actual experience reflect an increase in liability for the measurement period from June 30, 2021 to June 30, 2022 due to changes in the census and premium and claims experience.

Changes in assumptions reflect a decrease in the liability for the measurement period from June 30, 2021 to June 30, 2022 is due to the combined effect of the discount rate change; and changes in the trend, and experience study.

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, 2022, associated with the School District, using a discount rate of 3.54%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Employer	<u>\$ 48,637,278.00</u>	<u>\$ 41,379,524.00</u>	<u>\$ 35,562,797.00</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, 2022, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Employer	<u>\$ 34,202,706.00</u>	<u>\$ 41,379,524.00</u>	<u>\$ 50,806,710.00</u>

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, 2023, the School District recognized \$1,347,002.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2022 measurement date.

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

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, 2023, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 7,387,886.00	\$ 12,633,647.00
Changes of Assumptions	7,161,748.00	14,083,329.00
Changes in Proportion	<u>178,807.00</u>	<u>2,191,682.00</u>
	<u>\$ 14,728,441.00</u>	<u>\$ 28,908,658.00</u>

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

Fiscal Year Ending June 30,	
2024	\$ (2,396,276.00)
2025	(2,396,276.00)
2026	(2,396,276.00)
2027	(2,112,676.00)
2028	(1,270,185.00)
Thereafter	<u>(3,608,528.00)</u>
	<u>\$ (14,180,217.00)</u>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2023, 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 \$3,514,635.00, \$48,762.00, \$936,095.00, and \$1,452.00, 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, general liability, automobile, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

Joint Insurance Fund - The School District maintains workers' compensation and employers liability coverage through the New Jersey Insurance Group Joint Insurance Fund.

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

The School District's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report that can be obtained from:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, New Jersey 08054

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of various 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:

Ameriprise/River Source Life
Lincoln Investment
Vanguard
Primerica
Midland National

Citi-Street/MetLife
AXA Equitable
Fidelity Investments
Franklin Templeton

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.

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: COMMITMENTS

The School District had commitments to purchase equipment and supplies pursuant to a finance purchase agreement entered into during the fiscal year ended June 30, 2023 in the amount of \$649,035.69 in the general fund.

Note 19: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$781,503.26 in the general fund as of June 30, 2023 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$781,503.26 is less than the June state aid payments.

Note 20: FUND BALANCES**RESTRICTED**

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

General Fund

For Capital Reserve Account - As of June 30, 2023, the balance in the capital reserve account is \$1,311,930.30. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

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, 2023 is \$709,746.36. Additionally, \$491,246.63 of excess fund balance generated during 2021-2022 has been restricted and designated for utilization in the 2023-2024 budget.

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, 2023 is \$308,601.91.

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, 2024 \$1.29 of debt service fund balance at June 30, 2023.

COMMITTED

As stated in note 1, 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 is the Board of Education. Specific commitments of the School District's fund balance are summarized as follows:

General Fund - As of June 30, 2023, the School District has committed \$649,035.69 of general fund balance for the acquisition of equipment and supplies. This fund balance represents the proceeds received from the financed purchase agreement that the School District has entered into during the fiscal year ended June 30, 2023, net of expenditures (see note 8).

Note 20: 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, 2024 \$621,479.00 of general fund balance at June 30, 2023.

FFCRA/SEMI Designated for Subsequent Year's Expenditures - The School District received additional reimbursements separate from the regular reimbursement payments received for submitted Families First Coronavirus Response Act (FFCRA) / Special Education Medicaid Initiative (SEMI) claims. Amounts not appropriated for use during fiscal year ended June 30, 2023 have been assigned for subsequent year's expenditures. As of June 30, 2023, \$8,412.32 has been assigned for this purpose.

Other Purposes - As of June 30, 2023, the School District had \$112,140.03 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, 2023, unassigned fund balance of the general fund was a deficit of \$781,503.26.

Note 21: TAX ABATEMENTS

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

The Borough of Clayton has entered into various property tax abatement agreements with properties having aggregate assessed valuations of \$56,630,500.00. Based on the School District's 2023 certified tax rate of \$2.144, abated taxes totaled \$1,214,157.92.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,036,488.00		\$ 9,036,488.00	\$ 9,036,488.00	
Other Local Government Units - Unrestricted	73,515.00		73,515.00	76,882.70	\$ 3,367.70
Tuition From Other LEAs Within the State	200,000.00		200,000.00	261,855.14	61,855.14
Transportation Fees - From Other LEAs within State	35,000.00		35,000.00	130,445.71	95,445.71
Unrestricted Miscellaneous Revenues	60,300.00		60,300.00	23,837.01	(36,462.99)
Interest Earned on Capital Reserve	125.00		125.00	65.58	(59.42)
Total - Local Sources	9,405,428.00	\$ -	9,405,428.00	9,529,574.14	124,146.14
State Sources:					
School Choice Aid	94,794.00		94,794.00	94,794.00	
Categorical Transportation Aid	289,926.00		289,926.00	289,926.00	
Extraordinary Aid	121,146.00		121,146.00	350,354.00	229,208.00
Categorical Special Education Aid	1,061,043.00		1,061,043.00	1,061,043.00	
Equalization Aid	14,773,582.00		14,773,582.00	14,773,582.00	
Categorical Security Aid	269,252.00		269,252.00	269,252.00	
Nonpublic School Transportation Aid				7,176.00	7,176.00
Payment for Institutionalized Children - Unknown District of Residence				281,337.00	281,337.00
State Reimbursement for Lead Testing of Drinking Water				3,819.00	3,819.00
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				3,514,635.00	3,514,635.00
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				48,762.00	48,762.00
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				1,452.00	1,452.00
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				936,095.00	936,095.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				810,688.31	810,688.31
Total - State Sources	16,609,743.00	-	16,609,743.00	22,442,915.31	5,833,172.31
Federal Sources:					
FFCRA / SEMI				8,412.32	8,412.32
Medicaid Reimbursement	55,085.00		55,085.00	79,596.48	24,511.48
Total - Federal Sources	55,085.00	-	55,085.00	88,008.80	32,923.80
Total Revenues	26,070,256.00	-	26,070,256.00	32,060,498.25	5,990,242.25

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 378,047.00		\$ 378,047.00	\$ 378,047.00	
Grades 1-5	2,362,865.00	\$ (331,776.00)	2,031,089.00	2,031,088.24	\$ 0.76
Grades 6-8	1,533,777.00	2,395.00	1,536,172.00	1,508,528.66	27,643.34
Grades 9-12	2,174,974.00	(97,331.00)	2,077,643.00	2,075,229.57	2,413.43
Regular Programs - Home Instruction:					
Salaries of Teachers	12,680.00	(3,809.00)	8,871.00	2,030.00	6,841.00
Purchased Services	4,320.00	4,365.00	8,685.00	8,684.90	0.10
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	12,495.00	8,491.00	20,986.00	18,410.57	2,575.43
Purchased Professional - Educational Services	550,221.00	(49,215.00)	501,006.00	429,674.02	71,331.98
Purchased Technical Services	66,848.00	3,557.00	70,405.00	68,630.69	1,774.31
Other Purchased Services (400-500 series)	3,500.00		3,500.00	1,858.18	1,641.82
General Supplies	625,409.00	(10,094.00)	615,315.00	585,909.10	29,405.90
Textbooks	23,958.00	(12,760.00)	11,198.00	7,258.00	3,940.00
Other Objects	9,000.00		9,000.00	8,400.00	600.00
Total Regular Programs	7,758,094.00	(486,177.00)	7,271,917.00	7,123,748.93	148,168.07
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers		786,840.00	786,840.00	784,892.35	1,947.65
Total Learning and/or Language Disabilities	-	786,840.00	786,840.00	784,892.35	1,947.65
Behavioral Disabilities:					
Salaries of Teachers	142,519.00	(14,040.00)	128,479.00	128,478.50	0.50
Other Salaries for Instruction	52,500.00	9,992.00	62,492.00	10,940.44	51,551.56
General Supplies	3,500.00		3,500.00	3,498.80	1.20
Total Behavioral Disabilities	198,519.00	(4,048.00)	194,471.00	142,917.74	51,553.26

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 152,472.00	\$ (2,700.00)	\$ 149,772.00	\$ 148,782.60	\$ 989.40
Other Salaries for Instruction	3,000.00	(2,100.00)	900.00	862.50	37.50
Purchased Services	53,536.00	(10,781.00)	42,755.00	40,674.18	2,080.82
General Supplies	5,000.00	3,900.00	8,900.00	7,181.04	1,718.96
Total Multiple Disabilities	214,008.00	(11,681.00)	202,327.00	197,500.32	4,826.68
Resource Room / Resource Center:					
Salaries of Teachers	720,720.00	(720,720.00)			
Total Resource Room / Resource Center	720,720.00	(720,720.00)	-	-	-
Autism:					
Salaries of Teachers	115,577.00	(52,317.00)	63,260.00	60,130.00	3,130.00
Other Salaries for Instruction	2,450.00		2,450.00	1,027.50	1,422.50
Purchased Professional-Educational Services		48,000.00	48,000.00	43,099.43	4,900.57
General Supplies	2,000.00	1,500.00	3,500.00	2,258.30	1,241.70
Total Autism	120,027.00	(2,817.00)	117,210.00	106,515.23	10,694.77
Preschool Disabilities - Full Time:					
Salaries of Teachers	60,000.00	(2,499.00)	57,501.00	53,301.00	4,200.00
Other Salaries for Instruction	47,000.00	(14,079.00)	32,921.00	17,047.10	15,873.90
Purchased Professional-Educational Services	84,000.00	3,456.00	87,456.00	85,696.87	1,759.13
Other Purchased Services	69,000.00	(69,000.00)			
General Supplies		32,000.00	32,000.00		32,000.00
Total Preschool Disabilities - Part Time	260,000.00	(50,122.00)	209,878.00	156,044.97	53,833.03
Home Instruction:					
Salaries of Teachers	7,500.00	9,260.00	16,760.00	16,200.00	560.00
Purchase Professional - Educational Services	66,000.00	(8,817.50)	57,182.50	49,768.00	7,414.50
Total Home Instruction	73,500.00	442.50	73,942.50	65,968.00	7,974.50
Total Special Education - Instruction	1,586,774.00	(2,105.50)	1,584,668.50	1,453,838.61	130,829.89

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Basis Skills / Remedial - Instruction:					
Salaries of Teachers	\$ 217,559.00	\$ 334,226.50	\$ 551,785.50	\$ 545,728.03	\$ 6,057.47
Other Salaries	28,046.00		28,046.00	28,046.00	
Total Basis Skills / Remedial - Instruction	<u>245,605.00</u>	<u>334,226.50</u>	<u>579,831.50</u>	<u>573,774.03</u>	<u>6,057.47</u>
Bilingual Education - Instruction:					
Salaries of Teachers	135,525.00	11,592.00	147,117.00	147,117.00	
Total Bilingual Education - Instruction	<u>135,525.00</u>	<u>11,592.00</u>	<u>147,117.00</u>	<u>147,117.00</u>	<u>-</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	126,771.00	(2,011.00)	124,760.00	114,610.00	10,150.00
Purchased Services (300-500 series)	6,850.00	2,376.00	9,226.00	7,705.00	1,521.00
Supplies and Materials	8,550.00		8,550.00	7,640.00	910.00
Other Objects - Cocurricular	9,380.00		9,380.00	7,380.00	2,000.00
Total School Sponsored Cocurricular Activities - Instruction	<u>151,551.00</u>	<u>365.00</u>	<u>151,916.00</u>	<u>137,335.00</u>	<u>14,581.00</u>
School Sponsored Athletics - Instruction:					
Salaries	249,182.00	36,293.00	285,475.00	284,083.52	1,391.48
Purchased Services	77,911.00	(9,550.00)	68,361.00	68,241.25	119.75
Supplies and Materials	40,025.00		40,025.00	40,024.03	0.97
Other Objects	36,400.00	(5,600.00)	30,800.00	28,696.02	2,103.98
Total School Sponsored Athletics - Instruction	<u>403,518.00</u>	<u>21,143.00</u>	<u>424,661.00</u>	<u>421,044.82</u>	<u>3,616.18</u>
Instructional/Alternative Education Program - Instruction:					
Salaries	35,360.00	(4,202.00)	31,158.00	25,810.00	5,348.00
Other Salaries of Instruction	3,408.00		3,408.00		3,408.00
Total Instructional/Alternative Education Program - Instruction	<u>38,768.00</u>	<u>(4,202.00)</u>	<u>34,566.00</u>	<u>25,810.00</u>	<u>8,756.00</u>
Total Instruction	<u>10,319,835.00</u>	<u>(125,158.00)</u>	<u>10,194,677.00</u>	<u>9,882,668.39</u>	<u>312,008.61</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 55,000.00	\$ (31,374.00)	\$ 23,626.00	\$ 23,525.34	\$ 100.66
Tuition to Other LEA's Within State - Special		14,894.00	14,894.00	14,893.20	0.80
Tuition to County Voc. School Dist.-Regular	100,386.00	2,590.00	102,976.00	102,030.50	945.50
Tuition to CSSD & Reg. Day Schools	913,860.00	(169,251.50)	744,608.50	712,782.00	31,826.50
Tuition to Private Schools for the Disabled - Within State	688,807.00	118,061.00	806,868.00	805,852.91	1,015.09
Tuition - State Facilities	4,500.00		4,500.00	4,500.00	
Total Undistributed Expenditures - Instruction	1,762,553.00	(65,080.50)	1,697,472.50	1,663,583.95	33,888.55
Undistributed Expenditures - Health Services:					
Salaries	153,307.00	(524.00)	152,783.00	151,307.43	1,475.57
Purchased Professional and Technical Services	22,500.00	524.00	23,024.00	23,023.94	0.06
Other Purchased Services (400-500 series)	2,650.00		2,650.00	1,850.00	800.00
Supplies and Materials	6,750.00		6,750.00	4,277.55	2,472.45
Total Undistributed Expenditures - Health Services	185,207.00	-	185,207.00	180,458.92	4,748.08
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	152,038.00	54,207.00	206,245.00	201,633.00	4,612.00
Purchased Professional - Educational Services	105,101.00	(48,333.00)	56,768.00	44,508.50	12,259.50
Supplies and Materials	2,500.00		2,500.00	2,450.70	49.30
Total Undistributed Expenditures - Other Support Services - Students - Related Services	259,639.00	5,874.00	265,513.00	248,592.20	16,920.80
Undistributed Expenditures - Other Support Services - Students - Extraordinary:					
Salaries	54,184.00		54,184.00	54,183.84	0.16
Purchased Professional - Educational Services	607,658.00	116,412.00	724,070.00	720,390.75	3,679.25
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary	661,842.00	116,412.00	778,254.00	774,574.59	3,679.41

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Guidance:					
Salaries of Other Professional Staff	\$ 607,781.00	\$ (44,432.00)	\$ 563,349.00	\$ 417,336.33	\$ 146,012.67
Salaries of Secretarial and Clerical Assistants	40,639.00	2.00	40,641.00	39,907.25	733.75
Purchased Professional - Educational Services	5,000.00		5,000.00	300.00	4,700.00
Other Purchased Professional and Technical Services	14,900.00	12,679.00	27,579.00	26,127.64	1,451.36
Other Purchased Services (400-500 series)	4,900.00	6,900.00	11,800.00	2,410.16	9,389.84
Supplies and Materials	7,220.00		7,220.00	2,300.11	4,919.89
Other Objects	1,675.00	81.00	1,756.00	1,370.50	385.50
	<u>682,115.00</u>	<u>(24,770.00)</u>	<u>657,345.00</u>	<u>489,751.99</u>	<u>167,593.01</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Guidance					
Undistributed Expenditures - Other Support Services -					
Students - Child Study Team:					
Salaries of Other Professional Staff	385,094.00	1,045.00	386,139.00	367,308.84	18,830.16
Salaries of Secretarial and Clerical Assistants	46,952.00		46,952.00	46,951.92	0.08
Other Salaries	3,750.00	5,023.00	8,773.00	8,675.00	98.00
Purchased Professional - Educational Services	20,500.00		20,500.00	14,833.62	5,666.38
Other Purchased Professional and Technical Services	11,000.00		11,000.00	9,442.86	1,557.14
Other Purchased Services (400-500 series)	19,575.00	(350.00)	19,225.00	17,854.33	1,370.67
Supplies and Materials	6,500.00	5,233.50	11,733.50	11,569.15	164.35
Other Objects	1,225.00	155.00	1,380.00	1,234.50	145.50
	<u>494,596.00</u>	<u>11,106.50</u>	<u>505,702.50</u>	<u>477,870.22</u>	<u>27,832.28</u>
Total Undistributed Expenditures - Other Support Services -					
Students - Child Study Team					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	292,390.00	(47,857.00)	244,533.00	228,601.06	15,931.94
Purchased Professional / Education Services	4,000.00		4,000.00	2,836.70	1,163.30
Other Purch Prof. and Tech. Services	18,000.00		18,000.00	18,000.00	
Other Purchased Services	1,000.00	(10.00)	990.00	273.13	716.87
Supplies and Materials	1,500.00	10.00	1,510.00	1,502.40	7.60
Other Objects	1,104.00	1,656.00	2,760.00	2,760.00	
	<u>317,994.00</u>	<u>(46,201.00)</u>	<u>271,793.00</u>	<u>253,973.29</u>	<u>17,819.71</u>
Total Undistributed Expenditures - Improvement of Instruction Services					

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expend. - Educational Media Services / Sch Library:					
Salaries	\$ 131,925.00	\$ 502.00	\$ 132,427.00	\$ 132,427.00	
Salaries of Technology Coordinators	82,400.00	(752.00)	81,648.00	79,653.08	\$ 1,994.92
Other Purchased Services	4,700.00		4,700.00	4,536.30	163.70
Supplies and Materials	2,210.00		2,210.00	1,572.66	637.34
	<u>221,235.00</u>	<u>(250.00)</u>	<u>220,985.00</u>	<u>218,189.04</u>	<u>2,795.96</u>
Total Undistributed Expend. - Educational Media Services / Sch Library					
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services	1,500.00	250.00	1,750.00	1,750.00	
Supplies and Materials	500.00		500.00		500.00
	<u>2,000.00</u>	<u>250.00</u>	<u>2,250.00</u>	<u>1,750.00</u>	<u>500.00</u>
Total Undistributed Expenditures - Instructional Staff Training Services					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	242,091.00		242,091.00	242,090.64	0.36
Legal Services	25,000.00	(4,812.00)	20,188.00	20,187.04	0.96
Audit Fees	33,600.00	6,250.00	39,850.00	39,850.00	
Architectural/Engineering Services	5,000.00		5,000.00	2,645.85	2,354.15
Other Purchased Professional Services	8,900.00	8,579.00	17,479.00	17,478.50	0.50
Purchased Technical Services	4,800.00	35.00	4,835.00	4,835.00	
Communications / Telephone	103,879.00	(6,250.00)	97,629.00	86,907.71	10,721.29
BOE Other Purchased Services	3,600.00		3,600.00	3,567.00	33.00
Other Purchased Services (400-500 other than 530 & 585)	115,200.00	(2,944.00)	112,256.00	72,100.22	40,155.78
General Supplies	6,000.00	(100.00)	5,900.00	5,545.11	354.89
Miscellaneous Expenditures		17,895.00	17,895.00	12,428.33	5,466.67
BOE Membership Dues and Fees	16,400.00	(16,400.00)			
	<u>564,470.00</u>	<u>2,253.00</u>	<u>566,723.00</u>	<u>507,635.40</u>	<u>59,087.60</u>
Total Undistributed Expenditures - Support Services - General Admin					
Undistributed Expenditures - Support Services - School Admin:					
Salaries of Principals / Assistant Principals	567,007.00	(4,768.00)	562,239.00	562,068.92	170.08
Salaries of Other Professional Staff	243,571.00		243,571.00	243,569.76	1.24
Salaries of Secretarial and Clerical Assistants	244,765.00	7,585.00	252,350.00	250,150.07	2,199.93
Other Purchased Services (400-500 series)	900.00	300.00	1,200.00	573.00	627.00
Supplies and Materials	11,500.00		11,500.00	10,743.60	756.40
Other Objects	5,750.00		5,750.00	4,530.00	1,220.00
	<u>1,073,493.00</u>	<u>3,117.00</u>	<u>1,076,610.00</u>	<u>1,071,635.35</u>	<u>4,974.65</u>
Total Undistributed Expenditures - Support Services - School Admin.					

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 298,172.00	\$ (23,178.00)	\$ 274,994.00	\$ 274,993.80	\$ 0.20
Purchased Professional Services	6,250.00		6,250.00	5,842.20	407.80
Purchased Technical Services	27,842.00	(342.00)	27,500.00	26,932.25	567.75
Miscellaneous Purchased Services	1,000.00	235.00	1,235.00	1,234.26	0.74
Supplies and Materials	6,587.00	4,020.00	10,607.00	10,142.54	464.46
Miscellaneous Expenditures	6,190.00	(2,413.00)	3,777.00	3,346.73	430.27
Total Undistributed Expenditures - Central Services	346,041.00	(21,678.00)	324,363.00	322,491.78	1,871.22
Undistributed Expenditures - Admin. Info. Technology:					
Salaries	109,120.00	(30,752.00)	78,368.00	77,724.84	643.16
Purchased Professional Services	1,750.00	2,065.00	3,815.00	3,814.68	0.32
Purchased Technical Services	83,830.00	45,000.00	128,830.00	122,590.99	6,239.01
Other Purchased Services	2,200.00		2,200.00	1,200.32	999.68
Supplies and Materials	19,500.00	(12,410.00)	7,090.00	6,281.44	808.56
Total Undistributed Expenditures - Admin. Info. Technology	216,400.00	3,903.00	220,303.00	211,612.27	8,690.73
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	118,654.00		118,654.00	118,653.84	0.16
Cleaning, Repair and Maintenance Services	206,558.00	(93,467.00)	113,091.00	85,386.56	27,704.44
General Supplies	41,651.00	7,790.00	49,441.00	42,339.40	7,101.60
Total Undistributed Expenditures - Required Maintenance for School Facilities	366,863.00	(85,677.00)	281,186.00	246,379.80	34,806.20
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	470,830.00	3,576.00	474,406.00	468,852.42	5,553.58
Salaries of Non-Instructional Aides	80,535.00	(19,838.00)	60,697.00	53,497.63	7,199.37
Cleaning, Repair and Maintenance Services	59,820.00	(1,500.00)	58,320.00	49,389.67	8,930.33
Other Purchased Services	36,838.00		36,838.00	36,622.48	215.52
Insurance	86,000.00		86,000.00	84,807.00	1,193.00
General Supplies	59,000.00		59,000.00	57,679.05	1,320.95
Energy (Natural Gas)	120,000.00	68,000.00	188,000.00	141,692.36	46,307.64
Energy (Electricity)	430,925.00	82,000.00	512,925.00	472,325.61	40,599.39
Other Objects	2,200.00		2,200.00	1,038.00	1,162.00

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	\$ 1,346,148.00	\$ 132,238.00	\$ 1,478,386.00	\$ 1,365,904.22	\$ 112,481.78
Undistributed Expenditures - Care & Upkeep of Grounds:					
Salaries	81,460.00	(33,000.00)	48,460.00	47,071.69	1,388.31
Cleaning, Repair & Maintenance Services	8,001.00	38,068.00	46,069.00	46,069.00	
General Supplies	22,000.00	(6,704.00)	15,296.00	10,015.81	5,280.19
Total Undistributed Expenditures - Care & Upkeep Grounds	111,461.00	(1,636.00)	109,825.00	103,156.50	6,668.50
Undistributed Expenditures - Security					
Salaries	88,737.00	(29,225.00)	59,512.00	49,777.20	9,734.80
Purchased Professional and Technical Services	52,100.00	9,535.00	61,635.00	61,555.00	80.00
Cleaning, Repair, and Maintenance	5,000.00		5,000.00	738.30	4,261.70
General Supplies	44,327.00	(2,260.00)	42,067.00	39,898.28	2,168.72
Total Undistributed Expenditures - Security	190,164.00	(21,950.00)	168,214.00	151,968.78	16,245.22
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	105,168.00	26,199.00	131,367.00	130,093.28	1,273.72
Sal for Pupil Trans (Bet Home & Sch) - Reg.	210,855.00	99,060.00	309,915.00	305,637.03	4,277.97
Sal for Pupil Trans (Bet Home & Sch) - Sp Ed	136,073.00	(7,063.00)	129,010.00	126,585.92	2,424.08
Sal for Pupil Trans (Other than Bet. Home & Sch)	34,500.00	14,557.00	49,057.00	49,056.36	0.64
Other Purchased Professional / Technical Services	45,576.00	(4,938.00)	40,638.00	40,637.16	0.84
Cleaning, Repair and Maintenance Services	28,000.00	34,639.00	62,639.00	37,931.40	24,707.60
Lease Purchase Payments - School Buses	57,737.00		57,737.00	57,737.00	
Contracted Services - Aid in Lieu of Payments - NonPub Sch	40,000.00	(10,287.00)	29,713.00	29,712.39	0.61
Contracted Services - Aid in Lieu of Payments - Charter School	1,000.00	7,534.00	8,534.00	8,533.84	0.16
Contracted Services - Aid in Lieu - Choice Students	19,500.00	(3,948.00)	15,552.00	15,551.52	0.48
Contracted Services - (Other than Bet Home & Sch) - Vendors	22,235.00	-	22,235.00	20,011.85	2,223.15
Contracted Services - (Between Home and School) - Joint Agreement	289,500.00	(259,666.00)	29,834.00	23,484.13	6,349.87
Contracted Services (Special Education Students) - Joint Agreements	525,872.00	(143,855.00)	382,017.00	382,016.67	0.33
Miscellaneous Purchased Services - Transportation	17,500.00	925.00	18,425.00	18,425.00	
Supplies and Materials	5,000.00	(3,868.00)	1,132.00	1,132.00	
Transportation Supplies	88,618.00	14,464.00	103,082.00	102,685.83	396.17
Other Objects	1,610.00	820.00	2,430.00	2,202.82	227.18
Total Undistributed Expenditures - Student Transportation Services	1,628,744.00	(235,427.00)	1,393,317.00	1,351,434.20	41,882.80

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Unallocated Benefits:					
Social Security Contributions	\$ 291,000.00	\$ 12,033.00	\$ 303,033.00	\$ 294,373.51	\$ 8,659.49
Other Retirement Contributions - PERS	395,455.00	(50,608.00)	344,847.00	344,847.00	
Other Retirement Contributions - Regular	19,999.00	(443.00)	19,556.00	13,145.39	6,410.61
Unemployment Compensation	60,000.00	201.00	60,201.00	60,200.51	0.49
Workman's Compensation	133,000.00	(12,403.00)	120,597.00	120,596.28	0.72
Health Benefits	3,377,004.00	38,163.00	3,415,167.00	3,405,446.67	9,720.33
Tuition Reimbursement	38,659.95	(1,707.00)	36,952.95	36,952.75	0.20
Other Employee Benefits	116,663.00	8,784.00	125,447.00	125,446.15	0.85
Total Unallocated Benefits	<u>4,431,780.95</u>	<u>(5,980.00)</u>	<u>4,425,800.95</u>	<u>4,401,008.26</u>	<u>24,792.69</u>
On-behalf T.P.A.F. Pension Contributions (non-budgeted)				3,514,635.00	(3,514,635.00)
On-behalf T.P.A.F. Pension - Non-Contributory Insurance (non-budgeted)				48,762.00	(48,762.00)
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				1,452.00	(1,452.00)
On-Behalf T.P.A.F. Post Retirement Medical Contributions (non-budgeted)				936,095.00	(936,095.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				810,688.31	(810,688.31)
Total On-behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,311,632.31</u>	<u>(5,311,632.31)</u>
Total Undistributed Expenditures	<u>14,862,745.95</u>	<u>(233,496.00)</u>	<u>14,629,249.95</u>	<u>19,353,603.07</u>	<u>(4,724,353.12)</u>
Total Current Expense	<u>25,182,580.95</u>	<u>(358,654.00)</u>	<u>24,823,926.95</u>	<u>29,236,271.46</u>	<u>(4,412,344.51)</u>
Capital Outlay:					
Interest Deposit to Capital Reserve	<u>125.00</u>	<u>(125.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equipment:					
Grades 1-5	23,592.12	8,300.00	31,892.12		31,892.12
Grades 9-12	16,938.15	18,319.00	35,257.15	35,257.14	0.01
Support Services - Related & Extraordinary		8,138.00	8,138.00	8,138.00	
Admin Information Technology		224,249.00	224,249.00	192,356.84	31,892.16
Care and Upkeep of Grounds		31,493.00	31,493.00	31,415.90	77.10
Security	45,448.40	636.00	46,084.40	45,448.40	636.00
School Bus - Regular	265,396.02		265,396.02	265,396.02	
Total Equipment	<u>351,374.69</u>	<u>291,135.00</u>	<u>642,509.69</u>	<u>578,012.30</u>	<u>64,497.39</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Capital Outlay (Cont'd):					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 160,000.00	\$ 7,100.00	\$ 167,100.00	\$ 162,934.38	\$ 4,165.62
Other Purchased Professional / Technical Services	200,000.00	(200,000.00)			
Construction Services	1,890,000.00	162,609.00	2,052,609.00	2,052,204.29	404.71
Other Objects		30,291.00	30,291.00	22,853.08	7,437.92
Assessment for Debt Service on SDA Funding	156,872.00		156,872.00	156,872.00	
Total Facilities Acquisition and Construction Services	<u>2,406,872.00</u>	<u>-</u>	<u>2,406,872.00</u>	<u>2,394,863.75</u>	<u>12,008.25</u>
Total Capital Outlay	<u>2,758,371.69</u>	<u>291,010.00</u>	<u>3,049,381.69</u>	<u>2,972,876.05</u>	<u>76,505.64</u>
Transfer of Funds to Charter Schools	<u>94,760.00</u>	<u>67,644.00</u>	<u>162,404.00</u>	<u>162,404.00</u>	<u>-</u>
Total Transfer of Funds to Charter Schools	<u>94,760.00</u>	<u>67,644.00</u>	<u>162,404.00</u>	<u>162,404.00</u>	<u>-</u>
Total Expenditures	<u>28,035,712.64</u>	<u>-</u>	<u>28,035,712.64</u>	<u>32,371,551.51</u>	<u>(4,335,838.87)</u>
Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,965,456.64)</u>	<u>-</u>	<u>(1,965,456.64)</u>	<u>(311,053.26)</u>	<u>1,654,403.38</u>
Other Financing Sources (Uses):					
Local Contribution - Transfer to Special Revenue Fund - Inclusion	<u>(162,108.00)</u>	<u>-</u>	<u>(162,108.00)</u>	<u>(162,108.00)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(162,108.00)</u>	<u>-</u>	<u>(162,108.00)</u>	<u>(162,108.00)</u>	<u>-</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (2,127,564.64)	\$ -	\$ (2,127,564.64)	\$ (473,161.26)	\$ 1,654,403.38
Fund Balances, July 1	<u>4,508,940.44</u>	<u>-</u>	<u>4,508,940.44</u>	<u>4,508,940.44</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 2,381,375.80</u>	<u>\$ -</u>	<u>\$ 2,381,375.80</u>	<u>\$ 4,035,779.18</u>	<u>\$ 1,654,403.38</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1,311,930.30	
Excess Surplus - Current Year				709,746.36	
Excess Surplus - Designated for Subsequent Year's Expenditures				491,246.63	
Assigned:					
Other Purposes				112,140.03	
Designated for Subsequent Year's Expenditures				621,479.00	
Designated for Subsequent Year's Expenditures - FFCRA/SEMI				8,412.32	
Unassigned				<u>780,824.54</u>	
				4,035,779.18	
Reconciliation to Governmental Funds Statements(GAAP):					
Proceeds from Financed Purchases (Net of Expenditures)				649,035.69	
Last 22-23 State Aid Payment Not Recognized on GAAP Basis				<u>(1,562,327.80)</u>	
				<u>\$ 3,122,487.07</u>	

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Other Local Grants	\$ 7,500.00	\$ 415,585.35	\$ 423,085.35	\$ 299,115.55	\$ (123,969.80)
Student Activities	238,000.00		238,000.00	520,467.07	282,467.07
Total - Local Sources	245,500.00	415,585.35	661,085.35	819,582.62	158,497.27
State Sources:					
NJ Non-Public Nursing	21,728.00	224.00	21,952.00	21,952.00	
NJ Non-Public Textbook Aid	11,644.00	1,292.00	12,936.00	12,886.34	(49.66)
NJ Non-Public Technology	8,148.00	84.00	8,232.00	8,206.72	(25.28)
NJ Non-Public Security	33,950.00	6,230.00	40,180.00	39,382.72	(797.28)
Chapter 192 - Auxiliary Services	77,758.00	(12,059.00)	65,699.00	62,478.53	(3,220.47)
Chapter 193 - Handicapped Services	64,604.00	12,820.00	77,424.00	67,727.27	(9,696.73)
Preschool Education Aid	1,458,972.00		1,458,972.00	1,244,566.16	(214,405.84)
School Based Youth Service Program	274,167.00	(109,296.37)	164,870.63	136,302.64	(28,567.99)
Family Friendly Center		47,781.27	47,781.27	38,021.36	(9,759.91)
Climate Change		6,660.00	6,660.00	6,653.02	(6.98)
S.D.A. Capital Maintenance Project		35,615.00	35,615.00	35,615.00	
Total - State Sources	1,950,971.00	(10,649.10)	1,940,321.90	1,673,791.76	(266,530.14)
Federal Sources:					
Title I - Part A	281,710.00	186,320.09	468,030.09	396,027.40	(72,002.69)
Title II - Part A	52,985.00	71,094.37	124,079.37	57,217.16	(66,862.21)
Title III		4,116.00	4,116.00	2,244.78	(1,871.22)
Title IV	2,915.00	5,887.00	8,802.00		(8,802.00)
I.D.E.I.A., Part B	360,602.00	62,245.62	422,847.62	420,456.92	(2,390.70)
I.D.E.I.A., Part B, Preschool Incentive		20,696.00	20,696.00	20,696.00	
A.R.P. - I.D.E.I.A., Part B		670.50	670.50	670.50	
21st Century Community Learning Center	250,000.00	75,598.32	325,598.32	213,285.03	(112,313.29)
Education Stabilization Fund:					
CARES Act - Addressing Learning Loss		106,494.06	106,494.06	106,312.85	(181.21)
CRRSA - ESSER II		761.91	761.91	761.91	
CRRSA - Learning Acceleration		32,961.00	32,961.00	14,809.80	(18,151.20)
CRRSA - Mental Health		39,264.01	39,264.01	13,998.09	(25,265.92)
A.R.P. ESSER		1,875,121.62	1,875,121.62	362,620.74	(1,512,500.88)
A.R.P. ESSER - Accelerated Learning Coach and Educator Support		138,784.94	138,784.94	73,870.50	(64,914.44)
A.R.P. ESSER - Evidence Based Summer Learning and Enrichment		40,000.00	40,000.00		(40,000.00)
A.R.P. ESSER - Evidence Based Comprehensive Beyond the School Day		40,000.00	40,000.00	9,753.50	(30,246.50)
A.R.P. ESSER - NJTSS Mental Health Support		45,000.00	45,000.00	45,000.00	
School Based Youth - Federal Share		79,942.00	79,942.00	79,942.00	
Total - Federal Sources	948,212.00	2,824,957.44	3,773,169.44	1,817,667.18	(1,955,502.26)
Total Revenues	3,144,683.00	3,229,893.69	6,374,576.69	4,311,041.56	(2,063,535.13)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	612,282.94	360,634.07	972,917.01	877,416.32	95,500.69
Other Salaries for Instruction	89,617.00	(9,210.63)	80,406.37	60,475.87	19,930.50
Purchased Professional and Technical Services	118,037.79	27,678.33	145,716.12	127,361.51	18,354.61
Other Purchased Services	481,100.39	205,969.89	687,070.28	678,056.44	9,013.84
General Supplies	248,138.61	183,990.50	432,129.11	352,080.15	80,048.96
Other Objects	20,538.59	(1,225.59)	19,313.00	8,016.42	11,296.58
Total Instruction	1,569,715.32	767,836.57	2,337,551.89	2,103,406.71	234,145.18
Support Services:					
Salaries Personal Services	729,345.89	606,409.02	1,335,754.91	1,021,039.89	314,715.02
Personal Services - Employee Benefits	293,225.00	141,659.34	434,884.34	329,497.35	105,386.99
Purchased Professional - Educational Services	274,352.81	59,510.69	333,863.50	267,096.22	66,767.28
Other Purchased Services (400-500 series)	124,966.19	20,883.66	145,849.85	93,337.07	52,512.78
Supplies and Materials	19,859.45	26,345.43	46,204.88	50,328.39	(4,123.51)
Other Objects	32,819.80	16,536.20	49,356.00	33,889.38	15,466.62
Student Activities	238,000.00		238,000.00	503,996.51	(265,996.51)
Total Support Services	1,712,569.14	871,344.34	2,583,913.48	2,299,184.81	284,728.67

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Facilities Acquisition and Construction Services:					
Building		\$ 1,557,275.98	\$ 1,557,275.98	\$ 19,980.00	\$ 1,537,295.98
Instructional Equipment		22,885.34	22,885.34	3,609.00	19,276.34
Non-Instructional Equipment	\$ 24,506.54	10,551.46	35,058.00	30,498.48	4,559.52
Total Facilities Acquisition and Construction Services	24,506.54	1,590,712.78	1,615,219.32	54,087.48	1,561,131.84
Total Expenditures	3,306,791.00	3,229,893.69	6,536,684.69	4,456,679.00	2,080,005.69
Other Financing Sources (Uses):					
Transfer from Operating Budget - Pre K	162,108.00		162,108.00	162,108.00	
Total Outflows	3,144,683.00	3,229,893.69	6,374,576.69	4,294,571.00	2,080,005.69
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	16,470.56	\$ 16,470.56
Fund Balance, July 1				292,131.35	
Fund Balance, June 30				\$ 308,601.91	
Recapitulation:					
Restricted:					
Student Activities				\$ 308,601.91	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2023 Last State Aid Payments not recognized on GAAP Basis				(145,897.20)	
Unearned Fiscal Year 2023 Restricted State Aid Last State Aid Payments Not Recognized on GAAP Basis				145,897.20	
Fund Balance per Governmental Funds (GAAP)				\$ 308,601.91	

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2023

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	\$ 32,060,498.25	\$ 4,311,041.56
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		(18,185.42)
Prior Year		1,036,655.72
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.		145,897.20
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 2022.	1,335,111.50	
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 2023.	<u>(1,562,327.80)</u>	<u>(145,897.20)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 31,833,281.95</u>	<u>\$ 5,329,511.86</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 32,371,551.51	\$ 4,456,679.00
Differences - Budget to GAAP:		
Expenditures related to lease and financed purchase agreements are not recognized on the budgetary comparison schedule but are considered expenditures on the governmental fund financial statements.	1,603,116.84	
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		(18,185.42)
Prior Year		1,036,655.72
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 33,974,668.35</u>	<u>\$ 5,475,149.30</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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

	<u>Measurement Date Ending June 30,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.0273460641%	0.0257716522%	0.0242655611%	0.0232079509%	0.0228561652%
School District's Proportionate Share of the Net Pension Liability	\$ 4,126,898.00	\$ 3,053,039.00	\$ 3,957,078.00	\$ 4,181,721.00	\$ 4,500,265.00
School District's Covered Payroll (Plan Measurement Period)	\$ 2,086,056.00	\$ 1,995,972.00	\$ 1,813,520.00	\$ 1,719,824.00	\$ 1,664,280.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	197.83%	152.96%	218.20%	243.15%	270.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%
	<u>Measurement Date Ending June 30,</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	0.0226114570%	0.0255715502%	0.0243821386%	0.0262924299%	0.0261298390%
School District's Proportionate Share of the Net Pension Liability	\$ 5,263,586.00	\$ 7,573,560.00	\$ 5,473,302.00	\$ 4,922,662.00	\$ 4,993,931.00
School District's Covered Payroll (Plan Measurement Period)	\$ 1,625,892.00	\$ 1,874,560.00	\$ 1,756,660.00	\$ 2,007,976.00	\$ 1,913,688.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	323.74%	404.02%	311.57%	245.16%	260.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

	Fiscal Year Ended June 30,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 425,089.00	\$ 344,847.00	\$ 301,816.00	\$ 265,454.00	\$ 225,745.00
Contributions in Relation to the Contractually Required Contribution	<u>(425,089.00)</u>	<u>(344,847.00)</u>	<u>(301,816.00)</u>	<u>(265,454.00)</u>	<u>(225,745.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 2,412,471.00	\$ 2,264,025.00	\$ 1,972,500.00	\$ 1,854,146.00	\$ 1,717,012.00
Contributions as a Percentage of School District's Covered Payroll	17.62%	15.23%	15.30%	14.32%	13.15%
	Fiscal Year Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 227,345.00	\$ 209,471.00	\$ 227,174.00	\$ 209,621.00	\$ 216,751.00
Contributions in Relation to the Contractually Required Contribution	<u>(227,345.00)</u>	<u>(209,471.00)</u>	<u>(227,174.00)</u>	<u>(209,621.00)</u>	<u>(216,751.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 1,624,947.00	\$ 1,567,526.00	\$ 1,629,925.00	\$ 1,719,534.00	\$ 1,706,336.00
Contributions as a Percentage of School District's Covered Payroll	13.99%	13.36%	13.94%	12.19%	12.70%

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

	Measurement Date Ending June 30,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	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>
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>45,863,883.00</u>	<u>41,600,903.00</u>	<u>54,273,999.00</u>	<u>48,403,695.00</u>	<u>52,642,031.00</u>
	<u>\$ 45,863,883.00</u>	<u>\$ 41,600,903.00</u>	<u>\$ 54,273,999.00</u>	<u>\$ 48,403,695.00</u>	<u>\$ 52,642,031.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 11,656,536.00	\$ 11,841,736.00	\$ 11,224,652.00	\$ 10,272,036.00	\$ 10,137,752.00
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%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	393.46%	351.31%	483.53%	471.22%	519.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%	24.60%	26.95%	26.49%

	Measurement Date Ending June 30,				
	<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%
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>
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>55,321,111.00</u>	<u>63,491,764.00</u>	<u>51,113,899.00</u>	<u>42,254,253.00</u>	<u>39,378,966.00</u>
	<u>\$ 55,321,111.00</u>	<u>\$ 63,491,764.00</u>	<u>\$ 51,113,899.00</u>	<u>\$ 42,254,253.00</u>	<u>\$ 39,378,966.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 10,239,960.00	\$ 9,829,000.00	\$ 9,408,144.00	\$ 9,437,536.00	\$ 9,068,600.00
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%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	540.25%	645.96%	543.29%	447.73%	434.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

This schedule is not applicable.

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

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Notes to Required Supplementary Information - Part III
 For the Fiscal Year Ended June 30, 2023

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms:

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

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>
2022	7.00%	2017	4.25%
2021	7.00%	2016	3.22%
2020	5.40%	2015	4.13%
2019	5.60%	2014	4.68%
2018	4.86%		

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>
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%
2018	7.00%		

For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 to June 30, 2021.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

The June 30, 2022 measurement date included three changes to the plan provisions, only one of which had an impact on the Total Pension Liability (TPL). Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information - Part III
 Notes to Required Supplementary Information - Part III (Cont'd)
 For the Fiscal Year Ended June 30, 2023

Public Employees' Retirement System (PERS) (Cont'd)

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>
2021	7.00%	2017	5.00%
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%

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>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 to June 30, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

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

Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District	Measurement Date Ending June 30,		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Changes for the Year:			
Service Cost	\$ 2,645,973.00	\$ 2,981,578.00	\$ 1,623,428.00
Interest Cost	1,096,603.00	1,281,711.00	1,278,450.00
Changes in Benefit Terms		(52,589.00)	
Difference Between Expected and Actual Experience	380,157.00	(10,407,423.00)	8,882,420.00
Changes in Assumptions	(11,100,429.00)	48,745.00	10,326,715.00
Gross Benefit Payments	34,846.00	32,767.00	29,831.00
Member Contributions	(1,086,218.00)	(1,009,629.00)	(984,201.00)
Net Change in Total Non-Employer OPEB Liability	(8,029,068.00)	(7,124,840.00)	21,156,643.00
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>49,408,592.00</u>	<u>56,533,432.00</u>	<u>35,376,789.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$41,379,524.00</u>	<u>\$49,408,592.00</u>	<u>\$56,533,432.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 12,404,671.00</u>	<u>\$ 11,965,607.00</u>	<u>\$ 11,862,499.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	333.58%	412.92%	476.57%

Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District	Measurement Date Ending June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Changes for the Year:			
Service Cost	\$ 1,534,306.00	\$ 1,738,259.00	\$ 2,097,019.00
Interest Cost	1,542,825.00	1,709,899.00	1,477,512.00
Changes in Benefit Terms			
Difference Between Expected and Actual Experience	(6,027,896.00)	(5,653,978.00)	
Changes in Assumptions	527,471.00	(4,458,674.00)	(6,276,071.00)
Gross Benefit Payments	32,191.00	35,907.00	39,678.00
Member Contributions	(1,085,962.00)	(1,038,938.00)	(1,077,534.00)
Net Change in Total Non-Employer OPEB Liability	(3,477,065.00)	(7,667,525.00)	(3,739,396.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	<u>38,853,854.00</u>	<u>46,521,379.00</u>	<u>50,260,775.00</u>
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$35,376,789.00</u>	<u>\$38,853,854.00</u>	<u>\$46,521,379.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 11,176,140.00</u>	<u>\$ 10,424,378.00</u>	<u>\$ 9,894,593.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	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
 Required Supplementary Information - Part IV
 Notes to Required Supplementary Information - Part IV
 For the Fiscal Year Ended June 30, 2023

Changes in Benefit Terms:

None.

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>
2022	3.54%	2019	3.50%
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included update in trend and experience study.

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend is 5.00%.

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, 2023

	Every Student Succeeds Act (E.S.S.A.)				I.D.E.A.			21st Century Community Learning Center	Total Brought Forward
	Total	Title I - Part A	Title II - Part A	Title III Immigrant	Part B Basic	Preschool	A.R.P. Part B Basic		
REVENUES:									
Federal Sources	\$ 1,817,667.18	\$ 396,027.40	\$ 57,217.16	\$ 2,244.78	\$ 420,456.92	\$ 20,696.00	\$ 670.50	\$ 213,285.03	\$ 707,069.39
State Sources	1,673,791.76								1,673,791.76
Local Sources	819,582.62								819,582.62
Total Revenues	4,311,041.56	396,027.40	57,217.16	2,244.78	420,456.92	20,696.00	670.50	213,285.03	3,200,443.77
EXPENDITURES:									
Instruction:									
Salaries of Teachers	877,416.32					20,696.00		63,635.63	793,084.69
Other Salaries for Instruction	60,475.87	60,475.87							-
Purchased Professional and Technical Services	127,361.51	63,727.89		219.70	59,363.92			4,050.00	-
Other Purchased Services	678,056.44				361,093.00				316,963.44
General Supplies	352,080.15	244,068.05		2,025.08				7,779.01	98,208.01
Other Objects	8,016.42	37.35						2,477.00	5,502.07
Total Instruction	2,103,406.71	368,309.16	-	2,244.78	420,456.92	20,696.00	-	77,941.64	1,213,758.21
Support Services:									
Salaries Personal Services	1,021,039.89	492.50	35,050.50					103,763.91	881,732.98
Personal Services - Employee Benefits	329,497.35		2,332.00					7,234.61	319,930.74
Purchased Professional - Educational Services	267,096.22	4,399.00	6,325.00				670.50	12,000.00	243,701.72
Other Purchased Services (400-500 series)	93,337.07		7,795.00					12,049.97	73,492.10
Supplies and Materials	50,328.39	872.67	5,714.66					294.90	43,446.16
Other Objects	33,889.38	3,514.59							30,374.79
Student Activities	503,996.51								503,996.51
Total Support Services	2,299,184.81	9,278.76	57,217.16	-	-	-	670.50	135,343.39	2,096,675.00
Facilities Acquisition and Construction Services:									
Building	19,980.00								19,980.00
Instructional Equipment	3,609.00								3,609.00
Non-Instructional Equipment	30,498.48	18,439.48							12,059.00
Total Facilities Acquisition and Construction Services	54,087.48	18,439.48	-	-	-	-	-	-	35,648.00
Total Expenditures	4,456,679.00	396,027.40	57,217.16	2,244.78	420,456.92	20,696.00	670.50	213,285.03	3,346,081.21
Other Financing Sources (Uses):									
Transfer from Operating Budget - Pre K	162,108.00	-	-	-	-	-	-	-	162,108.00
Total Expenditures and Other Financing Sources (Uses)	4,294,571.00	396,027.40	57,217.16	2,244.78	420,456.92	20,696.00	670.50	213,285.03	3,183,973.21
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,470.56	-	-	-	-	-	-	-	16,470.56
Fund Balance, July 1	292,131.35	-	-	-	-	-	-	-	292,131.35
Fund Balance, June 30	\$ 308,601.91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,601.91

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2023

	Education Stabilization Fund									
	Total Carried Forward	CARES Addressing Learning Loss	CRRSA ESSER II	CRRSA Learning Acceleration	CRRSA Mental Health	ARP ESSER	ARP ESSER Accelerated Learning Coach	ARP ESSER Evidence Based Comprehensive Beyond the School Day	ARP ESSER NJTSS Mental Health	Total Brought Forward
REVENUES:										
Federal Sources	\$ 707,069.39	\$ 106,312.85	\$ 761.91	\$ 14,809.80	\$ 13,998.09	\$ 362,620.74	\$ 73,870.50	\$ 9,753.50	\$ 45,000.00	\$ 79,942.00
State Sources	1,673,791.76									1,673,791.76
Local Sources	819,582.62									819,582.62
Total Revenues	3,200,443.77	106,312.85	761.91	14,809.80	13,998.09	362,620.74	73,870.50	9,753.50	45,000.00	2,573,316.38
EXPENDITURES:										
Instruction:										
Salaries of Teachers	793,084.69	70,967.70		14,809.80		212,515.59		9,753.50		485,038.10
Other Salaries for Instruction	-									-
Purchased Professional and Technical Services	-									-
Other Purchased Services	316,963.44									316,963.44
General Supplies	98,208.01									98,208.01
Other Objects	5,502.07									5,502.07
Total Instruction	1,213,758.21	70,967.70	-	14,809.80	-	212,515.59	-	9,753.50	-	905,711.62
Support Services:										
Salaries Personal Services	881,732.98	16,080.00			10,373.28	93,684.92	73,870.50		30,000.00	657,724.28
Personal Services - Employee Benefits	319,930.74	9,319.00				8,785.00			13,500.00	288,326.74
Purchased Professional - Educational Services	243,701.72				2,084.00					241,617.72
Other Purchased Services (400-500 series)	73,492.10	9,946.15				27,655.23				35,890.72
Supplies and Materials	43,446.16		761.91		1,540.81				1,500.00	39,643.44
Other Objects	30,374.79									30,374.79
Student Activities	503,996.51									503,996.51
Total Support Services	2,096,675.00	35,345.15	761.91	-	13,998.09	130,125.15	73,870.50	-	45,000.00	1,797,574.20
Facilities Acquisition and Construction Services:										
Building	19,980.00					19,980.00				-
Instructional Equipment	3,609.00									3,609.00
Non-Instructional Equipment	12,059.00									12,059.00
Total Facilities Acquisition and Construction Services	35,648.00	-	-	-	-	19,980.00	-	-	-	15,668.00
Total Expenditures	3,346,081.21	106,312.85	761.91	14,809.80	13,998.09	362,620.74	73,870.50	9,753.50	45,000.00	2,718,953.82
Other Financing Sources (Uses):										
Transfer from Operating Budget - Pre K	162,108.00									162,108.00
Total Expenditures and Other Financing Sources (Uses)	3,183,973.21	106,312.85	761.91	14,809.80	13,998.09	362,620.74	73,870.50	9,753.50	45,000.00	2,556,845.82
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,470.56	-	-	-	-	-	-	-	-	16,470.56
Fund Balance, July 1	292,131.35	-	-	-	-	-	-	-	-	292,131.35
Fund Balance, June 30	\$ 308,601.91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,601.91

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2023

	Total Carried Forward	Climate Change	School Based Youth Base Grant	School Based Youth Family Friendly	Nonpublic Textbook Aid	Nonpublic Nursing Services Aid	Nonpublic Technology Aid	Nonpublic Security Aid	S.D.A. Capital Maintenance Project	Total Brought Forward
REVENUES:										
Federal Sources	\$ 79,942.00		\$ 79,942.00							\$ -
State Sources	1,673,791.76	\$ 6,653.02	136,302.64	\$ 38,021.36	\$ 12,886.34	\$ 21,952.00	\$ 8,206.72	\$ 39,382.72	\$ 35,615.00	1,374,771.96
Local Sources	819,582.62									819,582.62
Total Revenues	2,573,316.38	6,653.02	216,244.64	38,021.36	12,886.34	21,952.00	8,206.72	39,382.72	35,615.00	2,194,354.58
EXPENDITURES:										
Instruction:										
Salaries of Teachers	485,038.10									485,038.10
Other Salaries for Instruction	-									-
Purchased Professional and Technical Services	-									-
Other Purchased Services	316,963.44							29,389.94		287,573.50
General Supplies	98,208.01	1,493.02								96,714.99
Other Objects	5,502.07	4,160.00								1,342.07
Total Instruction	905,711.62	5,653.02	-	-	-	-	-	-	29,389.94	870,668.66
Support Services:										
Salaries Personal Services	657,724.28		145,074.93	30,595.00						482,054.35
Personal Services - Employee Benefits	288,326.74		36,863.24	2,341.51						249,121.99
Purchased Professional - Educational Services	241,617.72				12,886.34	21,952.00	8,206.72	39,382.72		159,189.94
Other Purchased Services (400-500 series)	35,890.72									35,890.72
Supplies and Materials	39,643.44	1,000.00	7,730.82	2,199.71					6,225.06	22,487.85
Other Objects	30,374.79		26,575.65	2,885.14						914.00
Student Activities	503,996.51									503,996.51
Total Support Services	1,797,574.20	1,000.00	216,244.64	38,021.36	12,886.34	21,952.00	8,206.72	39,382.72	6,225.06	1,453,655.36
Facilities Acquisition and Construction Services:										
Building	-									-
Instructional Equipment	3,609.00									3,609.00
Non-Instructional Equipment	12,059.00									12,059.00
Total Facilities Acquisition and Construction Services	15,668.00	-	-	-	-	-	-	-	-	15,668.00
Total Expenditures	2,718,953.82	6,653.02	216,244.64	38,021.36	12,886.34	21,952.00	8,206.72	39,382.72	35,615.00	2,339,992.02
Other Financing Sources (Uses):										
Transfer from Operating Budget - Pre K	162,108.00	-	-	-	-	-	-	-	-	162,108.00
Total Expenditures and Other Financing Sources (Uses)	2,556,845.82	6,653.02	216,244.64	38,021.36	12,886.34	21,952.00	8,206.72	39,382.72	35,615.00	2,177,884.02
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,470.56	-	-	-	-	-	-	-	-	16,470.56
Fund Balance, July 1	292,131.35	-	-	-	-	-	-	-	-	292,131.35
Fund Balance, June 30	\$ 308,601.91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,601.91

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2023

	Total Carried Forward	Chapter 192 Auxiliary Services			Chapter 193 Handicap Services			Preschool Education Aid	Student Activities	Total Brought Forward
		Compensatory Education	E.S.L.	Transportation	Exams and Class	Corrective Speech	Supplementary Instruction			
REVENUES:										
Federal Sources	\$ -									\$ -
State Sources	1,374,771.96	\$ 56,827.25	\$ 1,002.00	\$ 4,649.28	\$ 20,287.87	\$ 33,480.00	\$ 13,959.40	\$ 1,244,566.16		-
Local Sources	819,582.62								\$ 520,467.07	299,115.55
Total Revenues	2,194,354.58	56,827.25	1,002.00	4,649.28	20,287.87	33,480.00	13,959.40	1,244,566.16	520,467.07	299,115.55
EXPENDITURES:										
Instruction:										
Salaries of Teachers	485,038.10							485,038.10		-
Other Salaries for Instruction	-									-
Purchased Professional and Technical Services	-									-
Other Purchased Services	287,573.50							280,992.50		6,581.00
General Supplies	96,714.99							95,425.76		1,289.23
Other Objects	1,342.07							1,342.07		-
Total Instruction	870,668.66	-	-	-	-	-	-	862,798.43	-	7,870.23
Support Services:										
Salaries Personal Services	482,054.35							333,373.19		148,681.16
Personal Services - Employee Benefits	249,121.99							157,543.39		91,578.60
Purchased Professional - Educational Services	159,189.94	56,827.25	1,002.00	4,649.28	20,287.87	33,480.00	13,959.40	147.00		28,837.14
Other Purchased Services (400-500 series)	35,890.72							35,256.91		633.81
Supplies and Materials	22,487.85							8,292.24		14,195.61
Other Objects	914.00							914.00		-
Student Activities	503,996.51								503,996.51	-
Total Support Services	1,453,655.36	56,827.25	1,002.00	4,649.28	20,287.87	33,480.00	13,959.40	535,526.73	503,996.51	283,926.32
Facilities Acquisition and Construction Services:										
Building	-									-
Instructional Equipment	3,609.00									3,609.00
Non-Instructional Equipment	12,059.00							8,349.00		3,710.00
Total Facilities Acquisition and Construction Services	15,668.00	-	-	-	-	-	-	8,349.00	-	7,319.00
Total Expenditures	2,339,992.02	56,827.25	1,002.00	4,649.28	20,287.87	33,480.00	13,959.40	1,406,674.16	503,996.51	299,115.55
Other Financing Sources (Uses):										
Transfer from Operating Budget - Pre K	162,108.00							162,108.00		-
Total Expenditures and Other Financing Sources (Uses)	2,177,884.02	56,827.25	1,002.00	4,649.28	20,287.87	33,480.00	13,959.40	1,244,566.16	503,996.51	299,115.55
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,470.56	-	-	-	-	-	-	-	16,470.56	-
Fund Balance, July 1	292,131.35	-	-	-	-	-	-	-	292,131.35	-
Fund Balance, June 30	\$ 308,601.91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,601.91	\$ -

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2023

	Total Carried Forward	NJSIG Safety Grant	Rutgers Grant	Clayton Model	PAS Sykes	Nora Roberts Library Grant	Clayton in Motion
REVENUES:							
Federal Sources	\$ -						
State Sources	-						
Local Sources	299,115.55	\$ 6,581.00	\$ 1,036.80	\$ 276,945.57	\$ 167.69	\$ 84.74	\$ 14,299.75
Total Revenues	299,115.55	6,581.00	1,036.80	276,945.57	167.69	84.74	14,299.75
EXPENDITURES:							
Instruction:							
Salaries of Teachers	-						
Other Salaries for Instruction	-						
Purchased Professional and Technical Services	-						
Other Purchased Services	6,581.00	6,581.00					
General Supplies	1,289.23		1,036.80		167.69	84.74	
Other Objects	-						
Total Instruction	7,870.23	6,581.00	1,036.80	-	167.69	84.74	-
Support Services:							
Salaries Personal Services	148,681.16			148,681.16			
Personal Services - Employee Benefits	91,578.60			91,578.60			
Purchased Professional - Educational Services	28,837.14			28,837.14			
Other Purchased Services (400-500 series)	633.81			633.81			
Supplies and Materials	14,195.61			3,504.86			10,690.75
Other Objects	-						
Student Activities	-						
Total Support Services	283,926.32	-	-	273,235.57	-	-	10,690.75
Facilities Acquisition and Construction Services:							
Building	-						
Instructional Equipment	3,609.00						3,609.00
Non-Instructional Equipment	3,710.00			3,710.00			
Total Facilities Acquisition and Construction Services	7,319.00	-	-	3,710.00	-	-	3,609.00
Total Expenditures	299,115.55	6,581.00	1,036.80	276,945.57	167.69	84.74	14,299.75
Other Financing Sources (Uses):							
Transfer from Operating Budget - Pre K	-	-	-	-	-	-	-
Total Expenditures and Other Financing Sources (Uses)	299,115.55	6,581.00	1,036.80	276,945.57	167.69	84.74	14,299.75
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-
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, 2023

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 492,615.00	\$ 485,038.10	\$ 7,576.90
Other Purchased Services (400-500 series)	289,649.00	280,992.50	8,656.50
General Supplies	130,537.00	95,425.76	35,111.24
Other Objects	8,500.00	1,342.07	7,157.93
	<u>921,301.00</u>	<u>862,798.43</u>	<u>58,502.57</u>
Total Instruction			
Support Services:			
Salaries of Supervisors of Instruction	92,684.00	91,833.93	850.07
Salaries of Program Director	16,741.00		16,741.00
Salaries of Other Professional Staff	131,693.00	111,576.20	20,116.80
Salaries of Secretaries and Clerical Assistants	21,890.00	20,144.44	1,745.56
Other Salaries	49,475.00	49,474.08	0.92
Salaries of Master Teachers	60,503.00	60,344.54	158.46
Personal Services - Employee Benefits	200,459.00	157,543.39	42,915.61
Other Purchased Professional Services	7,048.00	147.00	6,901.00
Cleaning, Repair & Maintenance Svcs.	4,786.00		4,786.00
Contracted Services - Transportation (Bet. Home & School)	87,282.00	32,823.00	54,459.00
Contracted Services - Transportation (Field Trips)	3,000.00	1,784.00	1,216.00
Travel	3,000.00	649.91	2,350.09
Supplies and Materials	10,600.00	8,292.24	2,307.76
Other Objects	2,000.00	914.00	1,086.00
	<u>691,161.00</u>	<u>535,526.73</u>	<u>155,634.27</u>
Total Support Services			
Facilities Acquisition and Construction Services:			
Noninstructional Equipment	8,618.00	8,349.00	269.00
	<u>8,618.00</u>	<u>8,349.00</u>	<u>269.00</u>
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 1,621,080.00</u>	<u>\$ 1,406,674.16</u>	<u>\$ 214,405.84</u>

Calculation of Budget and Carryover

Total Revised 2022-2023 Preschool Education Aid Allocation	\$ 1,458,972.00
Add: Actual ECPA Carryover (June 30, 2023)	531,205.63
Add: Budgeted Local Revenue	-
Add: Budgeted Transfer from the General Fund 2022-2023	<u>162,108.00</u>
Total Preschool Education Aid Funds Available for 2022-2022 Budget	2,152,285.63
Less: 2022-2023 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(1,621,080.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2023	531,205.63
Add: 2022-2023 Unexpended Preschool Education Aid	214,405.84
Less: 2022-2023 Commissioner Approved Transfer to General Fund	<u>-</u>
2022-2023 Carryover -- Preschool Education Aid	<u>\$ 745,611.47</u>
2022-2023 Preschool Education Aid Carryover Budgeted in 2023-2024	<u>\$ 119,496.00</u>

PROPRIETARY FUNDS

BOROUGH OF CLAYTON SCHOOL DISTRICT

Proprietary Funds
Statement of Net Position
June 30, 2023

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 223,801.45	\$ 65,181.37	\$ 288,982.82
Accounts Receivable:			
Federal	21,256.24		21,256.24
State	786.97		786.97
Inventories	<u>12,588.23</u>	<u> </u>	<u>12,588.23</u>
Total Current Assets	<u>258,432.89</u>	<u>65,181.37</u>	<u>323,614.26</u>
Noncurrent Assets:			
Equipment	552,132.42		552,132.42
Less Accumulated Depreciation	<u>(312,859.30)</u>	<u> </u>	<u>(312,859.30)</u>
Total Noncurrent Assets	<u>239,273.12</u>	<u> </u>	<u>239,273.12</u>
Total Assets	<u>497,706.01</u>	<u>65,181.37</u>	<u>562,887.38</u>
NET POSITION:			
Net Investment in Capital Assets	239,273.12		239,273.12
Unrestricted	<u>258,432.89</u>	<u>65,181.37</u>	<u>323,614.26</u>
Total Net Position	<u>\$ 497,706.01</u>	<u>\$ 65,181.37</u>	<u>\$ 562,887.38</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, 2023

	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	\$ 112,465.40		\$ 112,465.40
Daily Sales - Non-Reimbursable Programs	90,876.38		90,876.38
Rent		\$ 32,732.59	32,732.59
Total Operating Revenues	203,341.78	32,732.59	236,074.37
OPERATING EXPENSES:			
Salaries	273,121.97	15,577.38	288,699.35
Employee Benefits	51,727.81		51,727.81
Purchased Professional/Technical Services	72,524.00		72,524.00
Other Purchased Services	26,360.34	2,000.00	28,360.34
Supplies and Materials	36,087.96	6,511.93	42,599.89
Cost of Sales - Reimbursable Programs	322,647.54		322,647.54
Cost of Sales - Non-Reimbursable Programs	38,959.94		38,959.94
Depreciation	19,606.30		19,606.30
Total Operating Expenses	841,035.86	24,089.31	865,125.17
Operating Income (Loss)	(637,694.08)	8,643.28	(629,050.80)
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	13,052.97		13,052.97
State School Breakfast Program	1,525.50		1,525.50
State School Breakfast After the Bell	4,145.30		4,145.30
Federal Sources:			
National School Lunch Program - HHFKA	8,833.84		8,833.84
National School Lunch Program	361,178.84		361,178.84
National School Lunch Program - Supply Chain Assistance	78,112.71		78,112.71
National School Lunch Program - Snacks Program	1,638.36		1,638.36
National School Breakfast Program	116,990.86		116,990.86
Food Distribution Program	54,650.87		54,650.87
Total Nonoperating Revenues	640,129.25	-	640,129.25
Change in Net Position	2,435.17	8,643.28	11,078.45
Total Net Position -- July 1	495,270.84	56,538.09	551,808.93
Total Net Position -- June 30	\$ 497,706.01	\$ 65,181.37	\$ 562,887.38

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Proprietary Funds
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 203,341.78	\$ 28,095.49	\$ 231,437.27
Payments to Employees	(273,121.97)	(15,577.38)	(288,699.35)
Payments for Employee Benefits	(51,727.81)		(51,727.81)
Payments to Suppliers	(443,657.96)	(8,511.93)	(452,169.89)
Net Cash Provided By (Used For) Operating Activities	(565,165.96)	4,006.18	(561,159.78)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash Received from State and Federal Reimbursements	709,333.92		709,333.92
Net Cash Provided By (Used For) Non-Capital Financing Activities	709,333.92	-	709,333.92
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	(165,002.42)		(165,002.42)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(165,002.42)	-	(165,002.42)
Net Increase (Decrease) in Cash and Cash Equivalents	(20,834.46)	4,006.18	(16,828.28)
Cash and Cash Equivalents -- July 1	244,635.91	61,175.19	305,811.10
Cash and Cash Equivalents -- June 30	\$ 223,801.45	\$ 65,181.37	\$ 288,982.82
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating Income (Loss)	\$ (637,694.08)	\$ 8,643.28	\$ (629,050.80)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Depreciation and Net Amortization	19,606.30		19,606.30
Federal Commodities	54,650.87		54,650.87
(Increase) Decrease in Accounts Receivable Other		1,599.90	1,599.90
(Increase) Decrease in Inventories	(1,729.05)		(1,729.05)
Increase (Decrease) in Other Current Liabilities		(6,237.00)	(6,237.00)
Total Adjustments	72,528.12	(4,637.10)	67,891.02
Net Cash Provided By (Used For) Operating Activities	\$ (565,165.96)	\$ 4,006.18	\$ (561,159.78)

LONG-TERM DEBT

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2023

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>					
Serial Bonds:									
School Bond - Series 2015	3/18/15	\$ 9,730,000.00	3/1/24	\$ 340,000.00	3.125%	\$ 7,950,000.00		\$ 330,000.00	\$ 7,620,000.00
			3/1/25	355,000.00	3.125%				
			3/1/26	370,000.00	3.125%				
			3/1/27	385,000.00	3.125%				
			3/1/28	400,000.00	3.125%				
			3/1/29	415,000.00	3.125%				
			3/1/30	430,000.00	3.125%				
			3/1/31	445,000.00	3.125%				
			3/1/32	455,000.00	3.125%				
			3/1/33	465,000.00	3.125%				
			3/1/34	480,000.00	3.250%				
			3/1/35	490,000.00	3.250%				
			3/1/36	500,000.00	3.250%				
			3/1/37	515,000.00	3.375%				
			3/1/38	525,000.00	3.500%				
			3/1/39	525,000.00	4.000%				
			3/1/40	525,000.00	4.000%				
Refunding Bonds of 2020	5/14/20	7,065,000.00	9/1/23	405,000.00	4.000%	6,585,000.00		385,000.00	6,200,000.00
			9/1/24	420,000.00	4.000%				
			9/1/25	440,000.00	2.000%				
			9/1/26	450,000.00	2.000%				
			9/1/27	470,000.00	4.000%				
			9/1/28	490,000.00	4.000%				
			9/1/29	520,000.00	4.000%				
			9/1/30	540,000.00	4.000%				
			9/1/31	570,000.00	4.000%				
			9/1/32	600,000.00	4.000%				
			9/1/33	625,000.00	4.000%				
			9/1/34	670,000.00	4.000%				
						<u>\$ 14,535,000.00</u>	<u>\$ -</u>	<u>\$ 715,000.00</u>	<u>\$ 13,820,000.00</u>
Unamortized Premium									<u>585,921.51</u>
									<u>\$ 14,405,921.51</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Obligations Under Leases
 For the Fiscal Year Ended June 30, 2023

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2022 (a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2023 (a)</u>
			<u>Principal</u>	<u>Interest</u>					
Copiers Lease	11/1/2022	4 yrs.	\$ 252,152.53	\$22,506.83	4.254%	\$ -	\$ 252,152.53	\$ 39,108.18	\$ 213,044.35

(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, 2023

	<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	\$ 1,101,384.00	\$ -	\$ 1,101,384.00	\$ 1,101,384.00	\$ -
State Sources:					
Debt Service Aid Type II	111,835.00		111,835.00	111,835.00	-
Total Revenues	<u>1,213,219.00</u>	<u>-</u>	<u>1,213,219.00</u>	<u>1,213,219.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	500,619.00		500,619.00	500,618.82	0.18
Redemption of Principal	715,000.00		715,000.00	715,000.00	
Total Regular Debt Service	<u>1,215,619.00</u>	<u>-</u>	<u>1,215,619.00</u>	<u>1,215,618.82</u>	<u>0.18</u>
Total Expenditures	<u>1,215,619.00</u>	<u>-</u>	<u>1,215,619.00</u>	<u>1,215,618.82</u>	<u>0.18</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,400.00)	-	(2,400.00)	(2,399.82)	(2,399.82)
Fund Balance, July 1	<u>2,401.11</u>		<u>2,401.11</u>	<u>2,401.11</u>	
Fund Balance, June 30	<u>\$ 1.11</u>	<u>\$ -</u>	<u>\$ 1.11</u>	<u>\$ 1.29</u>	<u>\$ (2,399.82)</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,									
	2023	2022***	2021**	2020	2019	2018	2017	2016	2015*	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 17,149,931.55	\$ 14,519,418.00	\$ 13,994,228.00	\$ 14,139,432.00	\$ 14,545,809.00	\$ 15,067,002.00	\$ 15,893,719.00	\$ 12,210,291.00	\$ 8,425,051.00	\$ 17,126,337.00
Restricted	2,821,526.49	2,629,916.81	1,849,452.00	571,055.00	480,760.00	934,619.00	1,012,146.00	4,958,988.00	9,898,712.00	1,687,656.00
Unrestricted (Deficit)	<u>(4,142,373.13)</u>	<u>(4,401,850.02)</u>	<u>(5,365,144.00)</u>	<u>(6,417,876.00)</u>	<u>(6,202,285.00)</u>	<u>(6,096,211.00)</u>	<u>(6,060,518.00)</u>	<u>(5,401,545.00)</u>	<u>(5,819,464.00)</u>	<u>(501,567.00)</u>
Total Governmental Activities Net Position	<u>\$ 15,829,084.91</u>	<u>\$ 12,747,484.79</u>	<u>\$ 10,478,536.00</u>	<u>\$ 8,292,611.00</u>	<u>\$ 8,824,284.00</u>	<u>\$ 9,905,410.00</u>	<u>\$ 10,845,347.00</u>	<u>\$ 11,767,734.00</u>	<u>\$ 12,504,299.00</u>	<u>\$ 18,312,426.00</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 239,273.12	\$ 93,877.00	\$ 63,828.00	\$ 72,807.00	\$ 72,807.00	\$ 93,227.00	\$ 105,535.00	\$ 109,568.00	\$ 46,885.00	\$ 57,215.00
Unrestricted	<u>323,614.26</u>	<u>457,931.93</u>	<u>494,929.00</u>	<u>115,185.00</u>	<u>113,610.00</u>	<u>142,577.00</u>	<u>154,652.00</u>	<u>141,153.00</u>	<u>202,101.00</u>	<u>207,846.00</u>
Total Business-type Activities Net Position	<u>\$ 562,887.38</u>	<u>\$ 551,808.93</u>	<u>\$ 558,757.00</u>	<u>\$ 187,992.00</u>	<u>\$ 186,417.00</u>	<u>\$ 235,804.00</u>	<u>\$ 260,187.00</u>	<u>\$ 250,721.00</u>	<u>\$ 248,986.00</u>	<u>\$ 265,061.00</u>
District-wide										
Net Investment in Capital Assets	\$ 17,389,204.67	\$ 14,613,295.00	\$ 14,058,056.00	\$ 14,212,239.00	\$ 14,618,616.00	\$ 15,160,229.00	\$ 15,999,254.00	\$ 12,319,859.00	\$ 8,471,936.00	\$ 17,183,552.00
Restricted	2,821,526.49	2,629,916.81	1,849,452.00	571,055.00	480,760.00	934,619.00	1,012,146.00	4,958,988.00	9,898,712.00	1,687,656.00
Unrestricted (Deficit)	<u>(3,818,758.87)</u>	<u>(3,943,918.09)</u>	<u>(4,870,215.00)</u>	<u>(6,302,691.00)</u>	<u>(6,088,675.00)</u>	<u>(5,953,634.00)</u>	<u>(5,905,866.00)</u>	<u>(5,260,392.00)</u>	<u>(5,617,363.00)</u>	<u>(293,721.00)</u>
Total District-wide Net Position	<u>\$ 16,391,972.29</u>	<u>\$ 13,299,293.72</u>	<u>\$ 11,037,293.00</u>	<u>\$ 8,480,603.00</u>	<u>\$ 9,010,701.00</u>	<u>\$ 10,141,214.00</u>	<u>\$ 11,105,534.00</u>	<u>\$ 12,018,455.00</u>	<u>\$ 12,753,285.00</u>	<u>\$ 18,577,487.00</u>

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

** 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.

*** For the fiscal year ended June 30, 2022, the School District adopted GASB No. 87, which required the School District to reclassify certain long-term liabilities previously identified as operating and capital leases as lease liabilities and financed purchases. Balances prior to June 30, 2022 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,									
	2023	2022**	2021**	2020	2019	2018	2017	2016	2015*	2014
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,146,914.78	\$ 8,952,806.67	\$ 8,272,196.00	\$ 8,678,026.00	\$ 8,098,216.00	\$ 8,179,123.00	\$ 7,506,505.00	\$ 7,386,907.00	\$ 7,361,734.00	\$ 9,418,124.00
Special Education	1,453,838.61	1,173,012.08	1,568,555.00	1,412,025.00	1,606,488.67	1,993,424.00	2,015,086.00	1,875,425.00	1,546,903.00	2,245,943.00
Other Instruction	1,305,080.85	831,040.47	843,246.00	845,873.00	841,753.80	696,709.00	622,055.00	639,403.00	757,159.00	865,437.00
Support Services:										
Tuition	1,663,583.95	1,582,557.03	1,935,742.00	2,052,894.00	1,886,946.00	1,687,761.00	1,266,009.00	1,683,963.00	1,374,384.00	1,012,585.00
Student & Instruction Related Services	4,796,817.11	4,528,700.31	3,913,802.00	3,463,652.00	3,549,785.87	2,984,981.00	2,709,499.00	2,764,112.00	2,607,540.00	3,374,956.00
General Administrative Services	514,847.40	482,511.57	484,989.00	475,209.00	475,705.00	490,636.00	466,160.00	467,282.00	463,038.00	427,067.00
School Administrative Services	1,071,635.35	1,026,903.11	1,082,243.00	1,084,855.00	1,055,421.23	939,519.00	1,012,850.00	1,006,026.00	1,009,556.00	1,905,491.00
Central Services	322,491.78	325,190.66	340,313.00	341,730.00	321,016.40	317,920.00	279,232.00	276,765.00	262,968.00	
Administrative Information Technology	134,030.58	166,384.39	161,357.00	163,941.00	128,079.14	120,593.00	125,496.00	100,457.00	114,762.00	
Plant Operations and Maintenance	3,271,799.54	2,958,642.58	1,342,504.00	1,534,057.00	1,577,378.88	1,541,896.00	1,519,818.00	1,564,456.00	1,553,580.00	2,244,318.00
Pupil Transportation	1,296,354.97	1,036,399.32	738,883.00	1,145,385.00	1,203,924.00	839,399.00	887,879.00	850,770.00	879,291.00	800,164.00
Special Schools	162,404.00	18,639.00								
Unallocated Benefits	7,619,273.54	8,169,875.50	10,338,013.00	7,969,099.00	11,316,376.00	11,141,478.00	10,243,274.00	5,955,626.00	5,898,914.00	
Interest on Long-term Debt	625,858.23	592,753.23	453,394.00	830,170.00	792,683.00	812,537.00	989,537.00	581,074.00	474,777.00	420,347.00
Total Governmental Activities Expenses	33,384,930.69	31,845,415.92	31,475,237.00	29,996,916.00	32,853,774.00	31,745,976.00	29,643,400.00	25,152,266.00	24,304,606.00	22,714,432.00
Business-type Activities:										
Food Service	841,035.86	1,008,969.57	496,409.00	622,792.00	622,792.00	748,970.00	738,014.00	742,946.00	649,704.00	553,581.00
Performing Arts Center	24,089.31	25,025.96	22,380.00							
Total Business-type Activities Expense	865,125.17	1,033,995.53	518,789.00	622,792.00	622,792.00	748,970.00	738,014.00	742,946.00	649,704.00	553,581.00
Total District Expenses	\$ 34,250,055.86	\$ 32,879,411.45	\$ 31,994,026.00	\$ 30,619,708.00	\$ 33,476,566.00	\$ 32,494,946.00	\$ 30,381,414.00	\$ 25,895,212.00	\$ 24,954,310.00	\$ 23,268,013.00
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)	\$ 392,300.85	\$ 288,290.52	\$ 423,025.00	\$ 201,051.00	\$ 201,051.00	\$ 195,207.00	\$ 185,006.00	\$ 302,426.00	\$ 377,792.00	\$ 383,352.00
Operating Grants and Contributions	7,218,273.77	8,851,704.06	5,813,545.00	3,772,103.00	7,358,549.00	7,414,149.00	2,574,856.00	2,625,395.00	2,219,717.00	1,977,892.00
Capital Grants and Contributions	992,921.33	702,048.82								
Total Governmental Activities Program Revenues	8,603,495.95	9,842,043.40	6,236,570.00	3,973,154.00	7,559,600.00	7,609,356.00	2,759,862.00	2,927,821.00	2,597,509.00	2,361,244.00
Business-Type Activities:										
Charges for Services:										
Food Service	203,341.78	92,542.15	6,932.00	173,364.00	173,364.00	242,594.00	224,722.00	217,356.00	213,244.00	193,346.00
Performing Arts Center	32,732.59	36,679.31	67,265.00							
Operating Grants and Contributions										
Food Service	640,129.25	897,784.50	815,243.00	406,001.00	404,426.00	481,748.00	522,543.00	527,020.00	420,019.00	422,236.00
Total Business-type Activities Program Revenues	876,203.62	1,027,005.96	889,440.00	579,365.00	577,790.00	724,342.00	747,265.00	744,376.00	633,263.00	615,582.00
Total District Program Revenues	\$ 9,479,699.57	\$ 10,869,049.36	\$ 7,126,010.00	\$ 4,552,519.00	\$ 8,137,390.00	\$ 8,333,698.00	\$ 3,507,127.00	\$ 3,672,197.00	\$ 3,230,772.00	\$ 2,976,826.00
Net (Expense)/Revenue										
Governmental Activities	(24,781,434.74)	(22,003,372.52)	(25,238,667.00)	(26,023,762.00)	(25,294,174.00)	(24,136,620.00)	(26,883,538.00)	(22,224,445.00)	(21,707,097.00)	(20,353,188.00)
Business-type Activities	11,078.45	(6,989.57)	370,651.00	(43,427.00)	(45,002.00)	(24,628.00)	9,251.00	1,430.00	(16,441.00)	62,001.00
Total District-wide Net Expense	\$ (24,770,356.29)	\$ (22,010,362.09)	\$ (24,868,016.00)	\$ (26,067,189.00)	\$ (25,339,176.00)	\$ (24,161,248.00)	\$ (26,874,287.00)	\$ (22,223,015.00)	\$ (21,723,538.00)	\$ (20,291,187.00)

(Continued)

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

	Fiscal Year Ending June 30,									
	2023	2022***	2021**	2020	2019	2018	2017	2016	2015*	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 9,036,488.00	\$ 9,036,488.00	\$ 9,036,488.00	\$ 8,780,470.00	\$ 8,780,470.00	\$ 8,439,514.00	\$ 8,221,569.00	\$ 7,960,694.00	\$ 7,711,155.00	\$ 7,559,956.00
Taxes Levied for Debt Service	1,101,384.00	1,093,155.00	1,168,190.00	1,161,794.00	1,161,794.00	1,148,857.00	1,113,829.00	971,866.00	847,062.00	692,859.00
Federal & State Aid not Restricted	16,692,959.95	13,874,512.72	16,594,388.00	15,158,736.00	14,487,194.00	13,270,811.00	16,425,223.00	12,056,485.00	11,782,620.00	11,322,732.00
State Aid Restricted	111,835.00	111,835.00	59,652.00	24,614.00	24,614.00	4,916.00	12,834.00	50,911.00	279,744.00	288,728.00
Transportation										17,749.00
Investment Earnings			2,261.00	6,781.00	6,781.00	4,019.00	2,701.00	2,689.00	4,353.00	249.00
Miscellaneous Income	920,367.91	701,506.42	298,176.00	359,694.00	372,630.00	335,705.00	184,995.00	445,235.00	267,967.00	166,073.00
Loss on Disposal of Capital Assets						(7,139.00)				
Total Governmental Activities	27,863,034.86	24,817,497.14	27,159,155.00	25,492,089.00	24,833,483.00	23,196,683.00	25,961,151.00	21,487,880.00	20,892,901.00	20,048,346.00
Business-type Activities:										
Investment Earnings		40.16	114.00	503.00	503.00	245.00	215.00	305.00	366.00	243.00
Total Business-type Activities	-	40.16	114.00	503.00	503.00	245.00	215.00	305.00	366.00	243.00
Total District-wide	27,863,034.86	24,817,537.30	27,159,269.00	25,492,592.00	24,833,986.00	23,196,928.00	25,961,366.00	21,488,185.00	20,893,267.00	20,048,589.00
Change in Net Position										
Governmental Activities	3,081,600.12	2,814,124.62	1,920,488.00	(531,673.00)	(460,691.00)	(939,937.00)	(922,387.00)	(736,565.00)	(814,196.00)	(304,842.00)
Business-type Activities	11,078.45	(6,949.41)	370,765.00	(42,924.00)	(44,499.00)	(24,383.00)	9,466.00	1,735.00	(16,075.00)	62,244.00
Total District	\$ 3,092,678.57	\$ 2,807,175.21	\$ 2,291,253.00	\$ (574,597.00)	\$ (505,190.00)	\$ (964,320.00)	\$ (912,921.00)	\$ (734,830.00)	\$ (830,271.00)	\$ (242,598.00)

* 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, 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.

*** For the fiscal year ended June 30, 2022, the School District adopted GASB No. 87, which required the School District to reclassify certain long-term liabilities previously identified as operating and capital leases as lease liabilities and financed purchases. Balances prior to June 30, 2022 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)

	Fiscal Year Ending June 30,									
	<u>2023</u>	<u>2022</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>
General Fund										
Restricted	\$ 2,512,923.29	\$ 2,335,384.35	\$ 2,108,556.00	\$ 928,627.00	\$ 1,064,869.00	\$ 1,664,171.00	\$ 1,732,402.00	\$ 1,304,885.00	\$ 1,509,348.00	\$ 2,066,924.00
Assigned	742,031.35	995,291.64								
Committed	649,035.69									
Unassigned (Deficit)	<u>(781,503.26)</u>	<u>(156,847.05)</u>	<u>(58,487.00)</u>	<u>(516,771.00)</u>	<u>(539,165.00)</u>	<u>(510,752.00)</u>	<u>(567,188.00)</u>	<u>(511,917.00)</u>	<u>(526,824.00)</u>	<u>(551,601.00)</u>
Total General Fund	<u>\$ 3,122,487.07</u>	<u>\$ 3,173,828.94</u>	<u>\$ 2,050,069.00</u>	<u>\$ 411,856.00</u>	<u>\$ 525,704.00</u>	<u>\$ 1,153,419.00</u>	<u>\$ 1,165,214.00</u>	<u>\$ 792,968.00</u>	<u>\$ 982,524.00</u>	<u>\$ 1,515,323.00</u>
All Other Governmental Funds										
Restricted	\$ 308,603.20	\$ 294,532.46	\$ 298,284.00	\$ 5,629.00			\$ 23,177.00	\$ 4,287,754.00	\$ 8,458,233.00	\$ 1,002.00
Unassigned (Deficit), Reported in: Special Revenue Fund				<u>(96,127.00)</u>	<u>\$ (32,214.00)</u>	<u>(32,214.00)</u>	<u>(32,214.00)</u>	<u>(32,214.00)</u>	<u>(29,913.00)</u>	<u>(28,379.00)</u>
Total All Other Governmental Funds	<u>\$ 308,603.20</u>	<u>\$ 294,532.46</u>	<u>\$ 298,284.00</u>	<u>\$ (90,498.00)</u>	<u>\$ (32,214.00)</u>	<u>\$ (32,214.00)</u>	<u>\$ (9,037.00)</u>	<u>\$ 4,255,540.00</u>	<u>\$ 8,428,320.00</u>	<u>\$ (27,377.00)</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,									
	2023	2022	2021**	2020	2019	2018	2017	2016	2015	2014
Revenues										
Tax Levy	\$ 10,137,872.00	\$ 10,129,643.00	\$ 10,204,678.00	\$ 9,942,264.00	\$ 9,942,264.00	\$ 9,588,371.00	\$ 9,335,398.00	\$ 8,932,560.00	\$ 8,558,217.00	\$ 8,252,815.00
Tuition Charges	261,855.14	249,009.21	224,928.00	201,051.00	201,051.00	195,207.00	185,006.00	302,426.00	377,792.00	383,352.00
Interest Earnings			2,261.00	6,781.00	6,781.00	4,019.00	2,701.00	2,689.00	4,353.00	249.00
Transportation	130,445.71	39,281.31	59,652.00	24,614.00	24,614.00	4,916.00	12,834.00	50,911.00		17,749.00
Miscellaneous	23,902.59	50,722.03	222,355.00	289,036.00	301,972.00	266,424.00	116,797.00	379,597.00	203,640.00	100,571.00
State Sources	23,994,526.75	21,523,589.13	17,932,399.00	16,337,267.00	15,204,648.00	13,950,158.00	13,196,047.00	12,760,433.00	12,770,481.00	12,327,266.00
Federal Sources	2,930,945.30	2,790,148.47	1,573,416.00	1,130,888.00	1,888,976.00	1,694,375.00	1,647,700.00	1,574,175.00	1,174,334.00	957,312.00
Local Sources	896,465.32	650,784.39	477,958.00	407,736.00	375,346.00	414,561.00	376,909.00	412,910.00	401,593.00	370,276.00
Total Revenue	38,376,012.81	35,433,177.54	30,697,647.00	28,339,637.00	27,945,652.00	26,118,031.00	24,873,392.00	24,415,701.00	23,490,410.00	22,409,590.00
Expenditures										
Instruction										
Regular Instruction	9,261,487.85	9,172,452.18	7,535,277.00	7,967,573.00	7,690,699.00	7,438,380.00	6,804,333.00	6,813,283.00	6,768,507.00	6,173,593.00
Special Education Instruction	1,453,838.61	1,173,012.08	1,455,197.00	1,294,164.00	1,457,989.00	1,857,803.00	1,845,964.00	1,746,289.00	1,430,636.00	1,529,854.00
Other Special Instruction			20,960.00	21,385.00	35,224.00	35,224.00	36,298.00	43,865.00	76,519.00	
Other Instruction	1,305,080.85	831,040.47	766,483.00	772,631.00	772,631.00	599,808.00	564,791.00	540,442.00	620,557.00	556,400.00
Support Services:										
Tuition	1,663,583.95	1,582,557.03	1,935,742.00	2,052,894.00	2,070,193.00	1,687,761.00	1,266,009.00	1,683,963.00	1,374,384.00	1,012,585.00
Student & Instruction Related Services	4,676,715.67	4,486,894.20	3,688,761.00	3,243,861.00	3,434,353.00	2,787,157.00	2,523,989.00	2,578,251.00	2,449,209.00	2,384,489.00
General Administrative & Business Services	507,635.40	475,772.57	484,989.00	475,209.00	475,209.00	490,636.00	466,160.00	467,282.00	463,038.00	427,067.00
School Administrative Services	1,071,635.35	1,026,903.11	983,723.00	990,920.00	990,920.00	851,918.00	919,611.00	912,954.00	920,437.00	906,008.00
Central Services	322,491.78	325,190.66	309,333.00	312,140.00	312,140.00					
Other Administrative Services	211,612.27	210,828.57	146,668.00	149,746.00	149,746.00	397,626.00	367,471.00	342,324.00	344,386.00	319,055.00
Plant Operations and Maintenance	1,867,409.30	1,642,623.94	1,220,292.00	1,401,227.00	1,401,227.00	1,398,129.00	1,367,159.00	1,419,722.00	1,416,437.00	1,442,898.00
Pupil Transportation	1,351,434.20	1,112,056.34	939,140.00	1,294,676.00	1,366,311.00	937,162.00	887,879.00	850,770.00	879,291.00	800,164.00
Unallocated Employee Benefits	10,042,137.92	9,572,876.87	7,859,111.00	6,985,085.00	6,446,892.00	6,410,961.00	5,916,798.00	5,865,653.00	5,857,860.00	5,473,022.00
Transfer to Charter School	162,404.00	18,639.00								
Capital Outlay	5,395,478.50	1,314,832.10	756,047.00	126,680.00		546,292.00	4,355,331.00	4,541,373.00	1,568,443.00	275,323.00
Debt Service:										
Principal	715,000.00	685,000.00	795,556.00	650,000.00	644,371.00	595,000.00	605,000.00	295,000.00	725,000.00	715,000.00
Interest and Other Charges	657,490.82	682,490.82	638,810.00	773,581.00	779,210.00	819,697.00	838,930.00	676,866.00	402,808.00	436,806.00
Total Expenditures	40,665,436.47	34,313,169.94	29,536,089.00	28,511,772.00	28,027,115.00	26,853,554.00	28,765,723.00	28,778,037.00	25,297,512.00	22,452,264.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,289,423.66)	1,120,007.60	1,161,558.00	(172,135.00)	(81,463.00)	(735,523.00)	(3,892,331.00)	(4,362,336.00)	(1,807,102.00)	(42,674.00)
Other Financing Sources (Uses)										
Proceeds from Issuance of Financed Purchase Liability	2,000,000.00		600,000.00			700,551.00				
Bond Proceeds				7,065,000.00					9,730,000.00	
Proceeds from Issuance of Lease Liabilities	252,152.53									
Premium from Issuance of Refunding Bonds				862,375.00						
Payment to Escrow for Refunding of 2020 General Obligation Bonds				(7,927,375.00)						
Transfers In	162,108.00	132,550.00				58,145.00	58,145.00	58,145.00	65,788.00	
Transfers Out	(162,108.00)	(132,550.00)				(58,145.00)	(58,145.00)	(58,145.00)	(65,788.00)	
Total Other Financing Sources (Uses)	2,252,152.53	-	600,000.00	-	-	700,551.00	-	-	9,730,000.00	-
Net Change in Fund Balances	\$ (37,271.13)	\$ 1,120,007.60	\$ 1,761,558.00	\$ (172,135.00)	\$ (81,463.00)	\$ (34,972.00)	\$ (3,892,331.00)	\$ (4,362,336.00)	\$ 7,922,898.00	\$ (42,674.00)
Debt Service as a Percentage of Noncapital Expenditures	3.9%	4.1%	5.0%	5.0%	5.1%	5.4%	5.9%	4.0%	4.8%	5.2%

** 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)

	Fiscal Year Ending June 30,									
	<u>2023</u>	<u>2022</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>
Interest on Investments	\$ 8,051.15	\$ 364.71	\$ 2,261.00	\$ 6,781.00	\$ 6,781.00	\$ 4,019.00	\$ 2,701.00	\$ 2,689.00	\$ 4,353.00	\$ 249.00
Miscellaneous	92,734.14	124,088.84	298,176.00	359,694.00	372,630.00	335,705.00	184,995.00	445,235.00	203,640.00	100,571.00
Tuition	261,855.14	249,009.21	224,928.00	201,051.00	201,051.00	195,207.00	185,006.00	302,426.00	377,792.00	383,352.00
Transportation Fees	130,445.71	39,281.31	59,652.00	24,614.00	24,614.00	4,916.00	12,834.00	50,911.00		17,749.00
	<u>\$ 493,086.14</u>	<u>\$ 412,744.07</u>	<u>\$ 585,017.00</u>	<u>\$ 592,140.00</u>	<u>\$ 605,076.00</u>	<u>\$ 539,847.00</u>	<u>\$ 385,536.00</u>	<u>\$ 801,261.00</u>	<u>\$ 585,785.00</u>	<u>\$ 501,921.00</u>

Source: District Records.

Revenue Capacity Information

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

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2023	\$ 7,447,900.00	\$ 408,272,000.00	\$ 1,714,300.00	\$221,600.00	\$ 29,254,000.00	\$ 13,010,700.00	\$ 13,269,400.00	\$ 473,189,900.00	\$ 143,081,700.00	\$ -	\$ 473,189,900.00	\$ 625,032,605.00	\$ 2.144
2022	8,316,200.00	406,355,400.00	1,559,300.00	210,600.00	29,084,500.00	13,010,700.00	13,269,400.00	471,806,100.00	143,010,600.00	1,349,667.00	473,155,767.00	548,837,032.00	2.142
2021	8,907,300.00	404,263,400.00	1,693,100.00	196,200.00	29,082,100.00	11,517,700.00	13,269,400.00	468,929,200.00	143,686,600.00	1,322,679.00	470,251,879.00	498,963,358.00	2.154
2020	8,452,400.00	402,358,100.00	1,737,700.00	212,900.00	27,962,900.00	11,517,700.00	13,269,400.00	465,511,100.00	144,733,900.00	1,232,582.00	466,743,682.00	487,714,495.00	2.186
2019	8,607,200.00	402,659,200.00	1,494,800.00	218,600.00	27,824,900.00	11,517,700.00	13,445,300.00	465,767,700.00	136,080,500.00	1,191,531.00	466,959,231.00	490,254,184.00	2.129
2018	8,908,200.00	403,176,200.00	1,494,800.00	215,100.00	27,509,000.00	11,261,600.00	12,483,800.00	465,048,700.00	129,457,000.00	1,205,507.00	466,254,207.00	478,541,324.00	2.094
2017	8,863,900.00	403,208,600.00	1,494,800.00	234,200.00	27,678,400.00	11,261,600.00	12,483,800.00	465,225,300.00	128,678,700.00	1,167,008.00	466,392,308.00	467,027,459.00	2.055
2016	8,559,900.00	398,756,200.00	1,742,300.00	277,200.00	28,300,100.00	11,551,800.00	12,483,800.00	461,671,300.00	120,670,400.00	1,167,265.00	462,838,565.00	462,909,460.00	2.017
2015	10,480,800.00	394,604,900.00	2,009,900.00	299,100.00	28,889,300.00	11,604,100.00	13,254,700.00	461,142,800.00	110,937,800.00	1,159,167.00	462,301,967.00	458,708,482.00	1.932
2014	11,952,300.00	392,213,400.00	1,961,700.00	276,900.00	29,976,300.00	11,951,200.00	13,174,700.00	461,506,500.00	103,311,200.00	1,118,939.00	462,625,439.00	478,836,275.00	1.850

(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

Source: Gloucester County Board of Taxation

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 June 30,	District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	School Basic Rate (1)	General Obligation Debt Service (2)	Total Direct School Tax Rate	Library District	Clayton Borough	Open Spaces	County of Gloucester	
2023	\$ 1.911	\$ 0.233	\$ 2.144	\$ 0.048	\$ 1.104	\$ 0.044	\$ 0.701	\$ 4.041
2022	1.911	0.231	2.142	0.048	1.066	0.042	0.699	3.997
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	3.890
2019	1.876	0.253	2.129	0.048	0.994	0.042	0.677	3.835
2018	1.846	0.248	2.094	0.049	0.992	0.041	0.659	3.770
2017	1.809	0.246	2.055	0.048	0.992	0.041	0.634	3.730
2016	1.776	0.241	2.017	0.049	0.992	0.041	0.631	3.620
2015	1.722	0.210	1.932	0.046	0.992	0.041	0.609	3.494
2014	1.667	0.183	1.850	0.047	0.959	0.042	0.596	3.370

(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.

Source: Municipal Tax Collector

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

<u>Taxpayer</u>	<u>2023</u>			<u>2014</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Berk Cohen Assoc. at Rustic Village	\$ 8,761,500.00	1	1.85%	\$ 8,488,200.00	1	1.83%
Aleris Light Gauge Products, Inc.	6,941,900.00	2	1.47%	7,083,400.00	2	1.53%
Emerson Green 2 LLC	5,004,800.00	3	1.06%			0.00%
Realmarq Development LLC	3,238,300.00	4	0.68%	3,238,300.00	3	0.70%
Emerson Green 1 LLC	3,180,600.00	5	0.67%			0.00%
Silver Lake Assoc.	3,034,600.00	6	0.64%	3,020,500.00	4	0.65%
HovBros Clayton Urban Renewal LLC				2,379,300.00	5	0.51%
JBS Leasing Solutions LLC	1,816,200.00	7	0.38%			
Clayton Apartments LTC Partnership				1,782,300.00	6	0.39%
BDK LLC	1,350,800.00	8	0.29%			
Cenco Properties LLC	1,346,600.00	9	0.28%			
Rite Aide of NJ, Inc.				1,263,600.00	7	0.27%
Clayton Realty LLC			0.00%	1,260,000.00	8	0.27%
414 Vireshwar LLC	1,249,500.00	10	0.26%			0.00%
HWD, LLC				1,234,300.00	9	0.27%
Verizon Comm Inc.				1,137,500.00	10	0.25%
Total	\$ 35,924,800.00		7.59%	\$ 30,887,400.00		6.68%

Source: Gloucester County Board of Taxation

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

Fiscal Year <u>Ended June 30,</u>	School Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2023	\$ 10,137,872	\$ 10,137,872	100.00%	-
2022	10,129,643	10,129,643	100.00%	-
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%	-

(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 June 30,	<u>Governmental Activities</u>				Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Lease Liability	Financed Purchases				
2023	\$ 13,820,000.00	\$ 213,044.35	\$ 2,385,046.49	\$ 16,418,090.84	2.94%	\$ 1,840.59	
2022	14,535,000.00	-	733,739.94	15,268,739.94	2.82%	1,704.10	
2021	15,220,000.00	-	1,228,299.87	16,448,299.87	3.32%	1,877.87	
2020	16,015,000.00	-	306,919.00	16,321,919.00	3.41%	1,867.92	
2019	17,227,000.00	-	456,210.00	17,683,210.00	3.88%	2,035.83	
2018	17,852,000.00	-	602,789.00	18,454,789.00	4.25%	2,127.11	
2017	18,447,000.00	-	-	18,447,000.00	4.39%	2,141.51	
2016	19,052,000.00	-	-	19,052,000.00	4.81%	2,243.26	
2015	19,347,000.00	-	-	19,347,000.00	5.16%	2,329.00	
2014	10,342,000.00	-	-	10,342,000.00	2.81%	1,258.76	

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita by municipality-estimated based upon Census Bureau midyear population estimates

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding (1)</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (3)</u>
2023	\$ 13,820,000.00	\$ -	\$ 13,820,000.00	2.92%	\$ 1,549.33
2022	14,535,000.00	-	14,535,000.00	3.07%	1,622.21
2021	15,220,000.00	-	15,220,000.00	3.24%	1,737.64
2020	16,015,000.00	-	16,015,000.00	3.43%	1,832.80
2019	17,227,000.00	-	17,227,000.00	3.69%	1,983.31
2018	17,852,000.00	-	17,852,000.00	3.83%	2,057.63
2017	18,447,000.00	-	18,447,000.00	3.96%	2,141.51
2016	19,052,000.00	-	19,052,000.00	4.12%	2,243.26
2015	19,347,000.00	-	19,347,000.00	4.18%	2,329.00
2014	10,342,000.00	-	10,342,000.00	2.22%	1,258.76

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept. of Labor and Workforce Development

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2022
 Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Borough of Clayton</u>
Municipal Debt: (1)				
Borough of Clayton School District	\$ 14,150,000.00	\$ 14,150,000.00		
Borough of Clayton	<u>9,520,502.26</u>	<u>5,709,142.26</u>	<u>\$ 3,811,360.00</u>	<u>\$ 3,811,360.00</u>
	<u>23,670,502.26</u>	<u>19,859,142.26</u>	<u>3,811,360.00</u>	<u>3,811,360.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Gloucester: (2)				
General	243,337,000.00	17,277,880.00 (3)	226,059,120.00	4,140,960.61 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>110,331,255.00</u>	<u>110,331,255.00 (4)</u>		
	<u>353,668,255.00</u>	<u>127,609,135.00</u>	<u>226,059,120.00</u>	<u>4,140,960.61</u>
	<u>\$ 377,338,757.26</u>	<u>\$ 147,468,277.26</u>	<u>\$ 229,870,480.00</u>	<u>\$ 7,952,320.61</u>

Sources:

- (1) Borough of Clayton Annual Debt Statement - December 31, 2022.
- (2) County of Gloucester Annual Debt Statement - December 31, 2022.
- (3) Includes Reserve for Payment of Debt and County College Bonds.
- (4) Deductible in accordance with N.J.S.A. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Borough's share of the total 2022 Equalized Value, which is 1.83%.
The source for this computation was the 2022 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized Valuation Basis (1)
	2022 \$ 621,124,408.00
	2021 542,365,487.00
	2020 <u>492,448,006.00</u>
	[A] \$ 1,655,937,901.00
Average equalized valuation of taxable property	[A/3] \$ 551,979,300.33
Debt limit (4% of average equalization value) (2)	[B] \$ 22,079,172.01
Total Net Debt Applicable to Limit	[C] 13,820,000.00
Legal Debt Margin	[B-C] \$ 8,259,172.01

	Fiscal Year Ended June 30,									
	<u>2023</u>	<u>2022</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>
Debt limit	\$ 22,079,172.01	\$ 20,257,088.85	\$ 19,511,584.00	\$ 19,290,746.00	\$ 18,838,033.97	\$ 18,482,179.00	\$ 18,363,023.80	\$ 18,614,706.00	\$ 18,968,056.00	\$ 19,677,673.00
Total net debt applicable to limit	<u>13,820,000.00</u>	<u>14,535,000.00</u>	<u>15,220,000.00</u>	<u>16,015,000.00</u>	<u>17,227,000.00</u>	<u>17,852,000.00</u>	<u>18,447,000.00</u>	<u>19,052,000.00</u>	<u>19,347,000.00</u>	<u>10,342,000.00</u>
Legal debt margin	<u>\$ 8,259,172.01</u>	<u>\$ 5,722,088.85</u>	<u>\$ 4,291,584.00</u>	<u>\$ 3,275,746.00</u>	<u>\$ 1,611,033.97</u>	<u>\$ 630,179.00</u>	<u>\$ (83,976.20)</u>	<u>\$ (437,294.00)</u>	<u>\$ (378,944.00)</u>	<u>\$ 9,335,673.00</u>
Total net debt applicable to the limit as a percentage of debt limit	62.59%	71.75%	78.00%	83.02%	91.45%	96.59%	100.46%	102.35%	102.00%	52.56%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 12 district.
- (3) District Records

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2023	8,920	\$ 557,972,760	\$ 62,553.00	4.2%
2022	8,960	541,058,560	60,386.00	7.7%
2021	8,759	494,874,741	56,499.00	11.7%
2020	8,738	478,361,810	54,745.00	4.7%
2019	8,686	456,067,116	52,506.00	5.0%
2018	8,676	433,852,056	50,006.00	5.7%
2017	8,614	420,354,586	48,799.00	6.1%
2016	8,493	395,799,279	46,603.00	7.9%
2015	8,307	375,218,883	45,169.00	7.1%
2014	8,216	368,635,488	44,868.00	8.5%

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 was computed using Census Bureau population estimates. Estimates for 2013-2022 reflect county population estimates available as of March 2021.
- (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>2023</u>			<u>2014</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>
Rowan University	3,500	1	N/A	1,483	4	N/A
Inspira Health	1,222	2	N/A	1,825	1	N/A
Kennedy Health Alliance				1,675	2	N/A
County of Gloucester				1,425	5	N/A
Walmart - Turnersville	800	3	N/A			
Monroe Township School District				792	7	N/A
Jefferson Health	670	4	N/A			
Aryzta LaBrea Bakery Inc.	500	5	N/A			
Keller Williams Realty	500	5	N/A			
Honda of Turnersville	499	7	N/A			
Paulsboro Refinery, LLC	402	8	N/A			
Washington Township School District	400	9	N/A	1,598	3	N/A
Johnson Matthey, Inc.	379	10	N/A			
U.S. Foodservices				725	8	N/A
Missa Bay				950	6	N/A
Exxon Mobil Research Development				540	9	N/A
LaBrea Bakery				525	10	N/A
	<u>8,872</u>			<u>11,538</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>2023*</u>	<u>2022*</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>
Instruction										
Regular	109	101	93	93	93	93	93	93	93	93
Special education	33	22	20	20	20	20	20	20	20	20
Support Services:										
Tuition										
Student & instruction related services	28	58	46	47	47	47	47	47	47	47
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	13	12	14	12	12	12	12	12	12	12
Business administrative services	4	4	5	6	5	5	5	5	5	5
Plant operations and maintenance	14	15	13	11	11	14	14	14	14	14
Pupil transportation	19	20	15	12	12	9	10	10	10	10
Food Service (custodians only)				2	2	2	2	1	1	
Total	<u>222</u>	<u>234</u>	<u>208</u>	<u>205</u>	<u>204</u>	<u>204</u>	<u>205</u>	<u>204</u>	<u>204</u>	<u>202</u>

Source: District Personnel Records

* Included preschool & grant funded personnel

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

<u>Fiscal</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost Per Pupil</u>	<u>Cost Per Pupil Percentage Change</u>	<u>Teaching Staff (2)</u>	<u>Pupil/Teacher Ratio</u>			<u>Average Daily Enrollment (ADE) (3)</u>	<u>Average Daily Attendance (ADA) (3)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>	<u>Middle School</u>	<u>High School</u>				
2023	1,431	\$33,897,467.15	\$ 23,687.96	27.42%	142	9.9:1	8.8:1	11.6:1	1,466	1,384	4.77%	94.41%
2022	1,430	31,630,847.02	22,119.47	19.12%	125	10.6:1	14.3:1	11.1:1	1,429	1,258	-11.38%	88.08%
2021	1,471	27,345,676.00	18,589.85	0.34%	125	10.8:1	14.4:1	11.5:1	1,415	1,321	-5.51%	93.36%
2020	1,452	26,961,508.00	18,568.53	7.64%	131	10.6:1	13.3:1	10.1:1	1,464	1,420	5.34%	96.99%
2019	1,436	26,603,534.00	18,526.14	16.72%	131	10.6:1	13.3:1	10.1:1	1,454	1,398	2.12%	96.15%
2018	1,443	24,892,565.00	17,250.56	8.69%	131	10.6:1	13.3:1	10.1:1	1,405	1,348	-1.53%	95.94%
2017	1,447	22,966,462.00	15,871.78	-1.21%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2016	1,448	23,264,798.00	16,066.85	2.94%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2015	1,448	22,601,261.00	15,608.61	3.86%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	1.71%	95.60%
2014	1,399	21,025,135.00	15,028.69	3.56%	120	12.4:1	12.9:1	9.6:1	1,392	1,346	4.34%	96.70%

Sources: District records & ASSA

- (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>2023</u>	<u>2022</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>District Building</u>										
<u>Elementary</u>										
E.S. Simmons Elementary										
Square Feet	95,421	95,421	95,421	95,421	95,421	95,421	95,421	95,421	95,421	95,421
Capacity (students)	763	763	763	763	763	763	763	763	763	763
Enrollment	666	662	660	706	714	669	735	743	757	733
<u>High School/Middle School</u>										
Clayton HS/MS School										
Square Feet	143,910	143,910	143,910	143,910	143,910	143,910	143,910	126,080	126,080	126,080
Capacity (students)	868	868	868	868	868	868	868	868	868	868
Enrollment	785	787	750	772	760	767	712	708	691	666

Number of Schools at June 30, 2023

 Elementary = 1

 High/Middle School= 1

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

Source: District records, ASSA

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

<u>* School Facilities</u>	<u>Project # (s)</u>	<u>2023</u>	<u>2022</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>
Clayton Middle/Clayton High School	N/A	\$ 148,147.80	\$ 167,324.19	\$ 106,607.00	\$ 107,157.00	\$ 111,525.00	\$ 104,887.00	\$ 102,854.00	\$ 86,283.00	\$ 96,633.00	\$ 111,013.00
Clayton Elementary School	N/A	98,232.00	111,550.00	71,071.00	71,052.00	74,350.00	69,925.00	77,592.00	65,091.00	73,136.00	88,664.00
Grand Total		<u>\$ 246,379.80</u>	<u>\$ 278,874.19</u>	<u>\$ 177,678.00</u>	<u>\$ 178,209.00</u>	<u>\$ 185,875.00</u>	<u>\$ 174,812.00</u>	<u>\$ 180,446.00</u>	<u>\$ 151,374.00</u>	<u>\$ 169,769.00</u>	<u>\$ 199,677.00</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, 2023

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property & Auto Physical Damage/Boiler & Machinery	\$ 52,055,292.00	\$ 1,000.00
Commercial Umbrella Liability	10,000,000.00	
General Liability	1,000,000.00/3,000,000.00	
Automobile Liability	1,000,000.00	
School Board Legal Liability	1,000,000.00/2,000,000.00	5,000.00
Workers' Compensation (2)	NJ STATUTORY	
Employers Liability (2)	3,000,000.00	
Student Accident Insurance CAT (3)	25,000.00	
Student Accident Base (4)	5,000,000.00	25,000.00
Surety Bonds (5)		
Treasurer	226,000.00	
Board Secretary/Business Administrator	20,000.00	

(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

Exhibit K-1**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS****INDEPENDENT AUDITOR'S REPORT**

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

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 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, 2023, 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 November 30, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

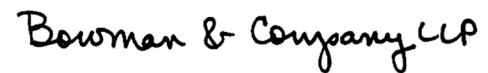
Report on Compliance and Other Matters

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

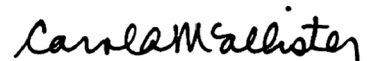
Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
November 30, 2023

Exhibit K-2

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on 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 identified as subject to audit 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, 2023. 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*.

In our opinion, the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

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; the audit requirements of 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*. Our responsibilities under those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*; the Office of School Finance, Department of Education, State of New Jersey; Uniform Guidance; and State of New Jersey Circular 15-08-OMB, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and 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. 2023-001*. Our opinion on each major federal and state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Borough of Clayton School District's response to the noncompliance findings identified in our audit described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

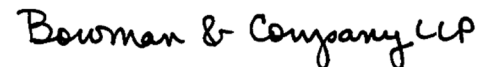
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as Finding No. 2023-001*, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Borough of Clayton School District's response to the internal control over compliance findings identified in our audit described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Public School Accountant No. CS 234800

Voorhees, New Jersey
November 30, 2023

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Table with columns: Federal Grant/Pass-Through Grant/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 From To, Balance at June 30, 2022 (Unearned Revenue/Accounts Receivable, Due to Grantor, Carryover/Walkover Amount, Cash Received), Budgetary Expenditures (Pass-Through Funds, Direct Funds, Total Budgetary Expenditures), Passed-Through to Subrecipients, Adjustments, Repayment of Prior Years' Balances, Balance at June 30, 2023 (Accounts Receivable, Unearned Revenue, Due to Grantor).

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2023

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2022			Balance at June 30, 2023						Memo				
				Unearned/ Revenue/ (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed- Trough to Subrecipients	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2023	Cumulative Total Expenditures	
General Fund:																	
New Jersey Department of Education:																	
State Aid - Public:																	
Equalization Aid	495-034-5120-078	\$ 12,462,615.00	7/1/21	6/30/22	\$ (1,172,541.65)		\$ 1,172,541.65									\$ 12,462,615.00	
School Choice Aid	495-034-5120-068	107,688.00	7/1/21	6/30/22	(10,131.80)		10,131.80									107,688.00	
Special Education Categorical Aid	495-034-5120-089	1,061,043.00	7/1/21	6/30/22	(99,827.94)		99,827.94									1,061,043.00	
Security Aid	495-034-5120-084	269,252.00	7/1/21	6/30/22	(25,332.50)		25,332.50									269,252.00	
Equalization Aid	495-034-5120-078	14,773,582.00	7/1/22	6/30/23			13,373,755.32	\$ 14,773,582.00				\$ (1,399,826.68)			\$ 1,399,826.68	14,773,582.00	
School Choice Aid	495-034-5120-068	94,794.00	7/1/22	6/30/23			85,812.08	94,794.00				(8,981.92)			8,981.92	94,794.00	
Special Education Categorical Aid	495-034-5120-089	1,061,043.00	7/1/22	6/30/23			960,507.04	1,061,043.00				(100,535.96)			100,535.96	1,061,043.00	
Security Aid	495-034-5120-084	269,252.00	7/1/22	6/30/23			243,739.83	269,252.00				(25,512.17)			25,512.17	269,252.00	
Total State Aid - Public					(1,307,833.89)	\$ -	\$ -	15,971,648.16	16,198,671.00	\$ -	\$ -	\$ -	(1,534,856.73)	\$ -	\$ -	1,534,856.73	30,099,269.00
Extraordinary Aid:																	
Extraordinary Aid	495-034-5120-044	374,112.00	7/1/21	6/30/22	(374,112.00)		374,112.00									374,112.00	
Extraordinary Aid	495-034-5120-044	350,354.00	7/1/22	6/30/23				350,354.00				(350,354.00)				350,354.00	
Total Extraordinary Aid					(374,112.00)	-	-	374,112.00	350,354.00	-	-	-	(350,354.00)	-	-	-	724,466.00
Transportation Aid:																	
Transportation Aid	495-034-5120-014	289,926.00	7/1/21	6/30/22	(27,277.61)		27,277.61									289,926.00	
Transportation Aid	495-034-5120-014	289,926.00	7/1/22	6/30/23			262,454.93	289,926.00				(27,471.07)			27,471.07	289,926.00	
Nonpublic Transportation Aid	495-034-5120-014	8,990.00	7/1/21	6/30/22	(8,990.00)		8,990.00									8,990.00	
Nonpublic Transportation Aid	495-034-5120-014	7,176.00	7/1/22	6/30/23				7,176.00				(7,176.00)				7,176.00	
Total Transportation Aid					(36,267.61)	-	-	298,722.54	297,102.00	-	-	-	(34,647.07)	-	-	27,471.07	596,018.00
Reimbursed TPAF Social Security Contributions:																	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	751,610.04	7/1/21	6/30/22	(37,568.82)		37,568.82									751,610.04	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	810,688.31	7/1/22	6/30/23			730,055.48	810,688.31				(80,632.83)				810,688.31	
Total Reimbursed TPAF Social Security Contributions					(37,568.82)	-	-	767,624.30	810,688.31	-	-	-	(80,632.83)	-	-	-	1,562,298.35
On-Behalf T.P.A.F. Contributions (non-budgeted):																	
On-Behalf T.P.A.F. Pension - Post-Retirement Medical	495-034-5094-001	936,095.00	7/1/22	6/30/23			936,095.00	936,095.00								936,095.00	
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	3,514,635.00	7/1/22	6/30/23			3,514,635.00	3,514,635.00								3,514,635.00	
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	48,762.00	7/1/22	6/30/23			48,762.00	48,762.00								48,762.00	
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	1,452.00	7/1/22	6/30/23			1,452.00	1,452.00								1,452.00	
Total On-Behalf T.P.A.F. Pension Contribution (non-budgeted)					-	-	-	4,500,944.00	4,500,944.00	-	-	-	-	-	-	-	4,500,944.00
Payments for Institutionalized Children - Unknown District of Residence:																	
Payments for Institutionalized Children	495-034-5120-005	80,161.00	7/1/21	6/30/22	(80,161.00)		80,161.00									80,161.00	
Payments for Institutionalized Children	495-034-5120-005	281,337.00	7/1/22	6/30/23				281,337.00				(281,337.00)				281,337.00	
Total Payments for Institutionalized Children					(80,161.00)	-	-	80,161.00	281,337.00	-	-	-	(281,337.00)	-	-	-	361,498.00
State Reimbursement for Lead Testing State Aid	588-034-5120-001	3,819.00	7/1/22	6/30/23			3,819.00	3,819.00								3,819.00	
Total General Fund					(1,835,943.32)	-	-	21,997,031.00	22,442,915.31	-	-	-	(2,281,827.63)	-	-	1,562,327.80	37,848,312.35
Special Revenue Fund:																	
New Jersey Department of Education:																	
Preschool Education Aid:																	
Preschool Education Aid	495-034-5120-086	1,259,225.00	7/1/21	6/30/22	418,538.13	(531,205.63)	112,667.50									728,019.37	
Preschool Education Aid	495-034-5120-086	1,458,972.00	7/1/22	6/30/23			531,205.63	1,313,074.80	1,244,566.16			(145,897.20)	745,611.47		145,897.20	1,244,566.16	
Total Preschool Education Aid					418,538.13	-	-	1,425,742.30	1,244,566.16	-	-	-	(145,897.20)	745,611.47	-	145,897.20	1,972,585.53
Climate Awareness Education Grant	100-034-5063-359	6,660.00	7/1/22	6/30/23			6,653.00	6,653.02			0.02					6,653.02	

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2023

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed- Trough to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2023			Memo	
				Unearned/ Revenue/ (Accounts Receivable)	Due to Grantor							(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2023	Cumulative Total Expenditures
Special Revenue Fund (Cont'd):																
New Jersey Department of Education (Cont'd):																
N.J. Nonpublic Textbook Aid:																
Textbook Aid	100-034-5120-064	\$ 11,644.00	7/1/21	6/30/22		\$ 4.50					\$ 4.50					\$ 11,639.50
Textbook Aid	100-034-5120-064	12,936.00	7/1/22	6/30/23			\$ 12,936.00	\$ 12,886.34				\$ -	\$ 49.66			12,886.34
Total N.J. Nonpublic Textbook Aid					\$ -	4.50	\$ -	12,936.00	12,886.34	\$ -	\$ -	4.50	\$ -	49.66	\$ -	24,525.84
N.J. Nonpublic Technology Initiative Aid:																
Technology Initiative Aid	100-034-5120-373	8,148.00	7/1/21	6/30/22		310.24					310.24					7,837.76
Technology Initiative Aid	100-034-5120-373	8,232.00	7/1/22	6/30/23			8,232.00	8,206.72					25.28			8,206.72
Total N.J. Nonpublic Technology Initiative Aid					-	310.24	-	8,232.00	8,206.72	-	-	310.24	-	25.28	-	16,044.48
N.J. Nonpublic Nursing Aid:																
Nursing Services	100-034-5120-070	21,952.00	7/1/22	6/30/23			21,952.00	21,952.00								21,952.00
Total N.J. Nonpublic Nursing Aid					-	-	-	21,952.00	21,952.00	-	-	-	-	-	-	21,952.00
N.J. Nonpublic Auxiliary Services Aid:																
Auxiliary Services:																
Compensatory Education	100-034-5120-067	73,097.00	7/1/21	6/30/22		4,030.82					4,030.82					69,066.18
English as a Second Language	100-034-5120-067	3,654.00	7/1/21	6/30/22		2,923.20					2,923.20					730.80
Transportation	100-034-5120-067	5,486.00	7/1/21	6/30/22		448.22					448.22					5,037.78
Home Instruction	100-034-5120-067	1,107.00	7/1/21	6/30/22	(1,107.00)		1,107.00									1,107.00
Auxiliary Services:																
Compensatory Education	100-034-5120-067	58,903.00	7/1/22	6/30/23			58,903.00	56,827.25					2,075.75			56,827.25
English as a Second Language	100-034-5120-067	1,002.00	7/1/22	6/30/23			1,002.00	1,002.00								1,002.00
Transportation	100-034-5120-067	5,794.00	7/1/22	6/30/23			5,794.00	4,649.28					1,144.72			4,649.28
Total N.J. Nonpublic Auxiliary Services Aid					(1,107.00)	7,402.24	-	66,806.00	62,478.53	-	-	7,402.24	-	-	3,220.47	138,420.29
N.J. Nonpublic Handicapped Services Aid:																
Handicapped Services:																
Initial Exam & Class	100-034-5120-066	17,449.00	7/1/21	6/30/22		1,325.81					1,325.81					16,123.19
Corrective Speech	100-034-5120-066	35,340.00	7/1/21	6/30/22		1,116.00					1,116.00					34,224.00
Supplementary Instruction	100-034-5120-066	15,033.00	7/1/21	6/30/22		578.00					578.00					14,455.00
Handicapped Services:																
Initial Exam & Class	100-034-5120-066	27,113.00	7/1/22	6/30/23			27,113.00	20,287.87					6,825.13			20,287.87
Corrective Speech	100-034-5120-066	34,782.00	7/1/22	6/30/23			34,782.00	33,480.00					1,302.00			33,480.00
Supplementary Instruction	100-034-5120-066	15,529.00	7/1/22	6/30/23			15,529.00	13,959.40					1,569.60			13,959.40
Total N.J. Nonpublic Handicapped Services Aid					-	3,019.81	-	77,424.00	67,727.27	-	-	3,019.81	-	-	9,696.73	132,529.46
N.J. Nonpublic Security Aid:																
N.J. Nonpublic Security Aid	100-034-5120-509	33,950.00	7/1/21	6/30/22		2,422.93					2,422.93					31,527.07
N.J. Nonpublic Security Aid	100-034-5120-509	40,180.00	7/1/22	6/30/23			40,180.00	39,382.72					797.28			39,382.72
Total N.J. Nonpublic Security Aid					-	2,422.93	-	40,180.00	39,382.72	-	-	2,422.93	-	-	797.28	39,382.72
New Jersey Department of Children and Families:																
School Based Youth Program:																
School Based Youth Program	100-016-1630-033	228,704.00	7/1/17	6/30/18		55.00									55.00	228,649.00
School Based Youth Program	100-016-1630-033	238,567.00	7/1/18	6/30/19		25.00								25.00		238,542.00
School Based Youth Program	100-016-1630-033	228,704.00	7/1/20	6/30/21		2,419.00					2,419.00					226,285.00
School Based Youth Program	100-016-1630-033	189,937.00	7/1/21	6/30/22	7,539.73	1,023.56	(7,539.73)						1,023.56			188,913.44
School Based Youth Program	100-016-1630-033	164,870.63	7/1/22	6/30/23			7,539.73	157,178.00	136,302.64	152.90			28,567.99			136,302.64
School Based Youth Program - Family Friendly Center	100-016-1630-033	45,463.00	7/1/17	6/30/18		1.00							1.00			45,462.00
School Based Youth Program - Family Friendly Center	100-016-1630-033	45,963.00	7/1/18	6/30/19		54.00							54.00			45,909.00
School Based Youth Program - Family Friendly Center	100-016-1630-033	45,463.00	7/1/20	6/30/21		7,107.00					7,107.00					38,356.00
School Based Youth Program - Family Friendly Center	100-016-1630-033	53,648.00	7/1/21	6/30/22	645.27	16,242.00	(645.27)			(153.00)			16,089.00			37,559.00
School Based Youth Program - Family Friendly Center	100-016-1630-033	47,761.37	7/1/22	6/30/23		645.27	47,136.00	38,021.36		0.10			9,760.01			38,021.36
Total School Based Youth Program					8,185.00	26,926.56	-	204,314.00	174,324.00	-	-	9,526.00	-	-	55,575.56	1,223,999.44

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2023

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2022			Balance at June 30, 2023					Memo				
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed- Trough to Subrecipients	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2023	Cumulative Total Expenditures
New Jersey Schools Development Authority (SDA):																	
Capital Maintenance and Emergent Project Grant	N/A	\$ 35,615.00	7/1/22	6/30/23				\$ 35,615.00	\$ 35,615.00								\$ 35,615.00
Total Special Revenue Fund					\$ 425,616.13	\$ 40,086.28	\$ -	1,899,854.30	1,673,791.76	\$ -	\$ 0.02	\$ 22,685.72	\$ (145,897.20)	\$ 745,611.47	\$ 69,364.98	\$ 145,897.20	3,611,707.78
Debt Service Fund:																	
New Jersey Department of Education:																	
Debt Service Aid Type II	495-034-5120-075	111,835.00	7/1/22	6/30/23				111,835.00	111,835.00								111,835.00
Total Debt Service Fund					-	-	-	111,835.00	111,835.00	-	-	-	-	-	-	-	111,835.00
Enterprise Fund:																	
State School Lunch Program	495-010-3350-001	14,377.30	7/1/21	6/30/22	(2,552.13)			2,552.13									14,377.30
State School Lunch Program	495-010-3350-001	13,052.97	7/1/22	6/30/23				12,529.30	13,052.97				(523.67)				13,052.97
State School Reduced Breakfast Program	495-010-3350-002	1,525.50	7/1/22	6/30/23				1,443.00	1,525.50				(82.50)				1,525.50
State School Breakfast After the Bell	495-010-3350-004	4,145.30	7/1/22	6/30/23				3,964.50	4,145.30				(180.80)				4,145.30
Total Enterprise Fund					(2,552.13)	-	-	20,488.93	18,723.77	-	-	-	(786.97)	-	-	-	33,101.07
Total State Financial Assistance					\$ (1,412,879.32)	\$ 40,086.28	\$ -	\$ 24,029,209.23	24,247,265.84	\$ -	\$ 0.02	\$ 22,685.72	\$ (2,428,511.80)	\$ 745,611.47	\$ 69,364.98	\$ 1,708,225.00	\$ 41,604,956.20
Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:																	
General Fund (Non-Cash Assistance):																	
New Jersey Department of the Treasury:																	
On-Behalf T.P.A.F. Pension - Post-Retirement Medical	495-034-5094-001	936,095.00	7/1/22	6/30/23					(936,095.00)								
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	3,514,635.00	7/1/22	6/30/23					(3,514,635.00)								
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	48,762.00	7/1/22	6/30/23					(48,762.00)								
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	1,452.00	7/1/22	6/30/23					(1,452.00)								
Total General Fund (Non-Cash Assistance)									(4,500,944.00)								
Total State Financial Assistance subject to Major Program Determination for State Single Audit									\$ 19,746,321.84								

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.

BOROUGH OF CLAYTON SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2023

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

Note 3: INDIRECT COST RATE

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

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$227,216.30) for the general fund and \$1,018,470.30 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.

The revenues reported on a GAAP basis from the basic financial statements with a reconciliation to the reported amounts 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	\$ 88,008.80	\$ 22,215,699.01	\$ 22,303,707.81
Special Revenue	2,842,936.50	1,666,992.74	4,509,929.24
Debt Service		111,835.00	111,835.00
Food Service	621,405.48	18,723.77	640,129.25
	<u>3,552,350.78</u>	<u>24,013,250.52</u>	<u>27,565,601.30</u>
GAAP Basis Revenues			
GAAP Adjustments:			
State Aid Payments		227,216.30	227,216.30
Encumbrances	(1,025,269.32)	6,799.02	(1,018,470.30)
	<u>(1,025,269.32)</u>	<u>234,015.32</u>	<u>(791,254.00)</u>
Total Awards and Financial Assistance Expended	<u>\$ 2,527,081.46</u>	<u>\$ 24,247,265.84</u>	<u>\$ 26,774,347.30</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: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent minor rounding adjustments.

Note 7: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2023, 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 8: 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, 2023

Section 1- Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Table with 3 columns: Assistance Listing Number(s), FAIN Number(s), Name of Federal Program or Cluster. Rows include 84.425, 84.425D, 84.425U and their corresponding FAIN numbers and program names like Education Stabilization Fund (ESF) and ESSER Fund.

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

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, 2023

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.

None.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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).

None.

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2023

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. 2023-001

Information on the State Program

New Jersey Department of Education, State Aid Public, 7/1/2022 – 6/30/2023

Equalization Aid	G.M.I.S. No. 495-034-5120-078	Special Education Categorical Aid	G.M.I.S. No. 495-034-5120-089
School Choice Aid	G.M.I.S. No. 495-034-5120-068	Security Aid	G.M.I.S. No. 495-034-5120-084

Criteria or Specific Requirement

For October 14, 2022, Free/Reduced lunch counts on the ASSA can include eligible students registered in the district as of October 14, 2022, that submitted Free/Reduced Lunch Applications in 2019-20, 2020-21, or 2021-22 and have not submitted applications in 2022-23.

Prior year eligibility information (carryover) used to identify low-income students cannot include direct certification since School Districts are required to update their direct certification lists prior to the enrollment count. If a student does not appear on the most recent direct certification list, and an approved application (Free or Reduced-Price Meals Application) is not completed, the student is no longer low income for state aid reporting purposes.

Condition

Several students reported as “low income” lacked appropriate qualifying documentation (Free and Reduced Lunch Application or Direct Certification).

Questioned Costs

Unknown.

Context

The population of low income students includes 606 free students and 118 reduced students; our sample for the low income test included 197 free students and 40 reduced students.

During our testing, we noted that 18 free students were only supported by Direct Certification from previous school years.

Effect or Potential Effect

The Office of School Finance used the October 14, 2022 ASSA data in the calculation of 2023-24 state aid, and for other purposes such as calculation of School Choice Aid, and federal entitlement programs.

Cause

Turnover of office personnel and oversight.

Identification as a Repeat Finding

Prior Year Finding No. 2022-002.

Recommendation

The School District should develop and implement procedures to ensure the low income category on the A.S.S.A. Report only includes students with appropriate qualifying documentation.

View of Responsible Officials and Planned Corrective Action

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

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

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

FINANCIAL STATEMENT FINDINGS

Finding No. 2022-001

Condition

The School District's Food Service Fund net cash resources exceeded three months average expenditures.

Current Status

The condition has been corrected.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding No. 2022-002

Program

New Jersey Department of Education, State Aid Public, 7/1/2021 – 6/30/2022	
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

Condition

Several students reported as "low income" lacked appropriate qualifying documentation (Free and Reduced Lunch Application or Direct Certification).

Current Status

The condition continues to exist, see Finding No. 2023-001.

Planned Corrective Action

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