

**BOARD OF EDUCATION
OF THE
BOROUGH OF CLAYTON
SCHOOL DISTRICT**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

BOROUGH OF CLAYTON SCHOOL DISTRICT
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INTRODUCTORY SECTION

Nikolaos C. Koutsogiannis
Superintendent of Schools



Frances C. Adler
Business Administrator

December 3, 2025

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, 2025. 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 25-12, "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
2024-2025	1475	+0.89%
2023-2024	1462	+2.17%
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%

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 two year district-level goals were developed for the 2023 through 2025 school year:

Goal #1- Literacy will be promoted among the school community as essential for life.

Goal #2- All classrooms will function in alignment with the goals of behavior management resulting in the promotion of positive, pro-social classroom behaviors and creating classroom environments with few disruptions so students can focus on learning.

Goal #3-Increase awareness of mental health and its effect on teaching and learning.

PROGRESS TOWARD GOALS AND OBJECTIVES:

Goal #1- Literacy will be promoted among the school community as essential for life.

1. Adopted LETRS program as part of the Elementary literacy program.
2. Incorporated sustained reading as a component of daily classroom instruction district wide.
3. Increased BSI efforts for students who require support and interventions to meet grade level literacy proficiency.
4. Implemented programs, training, and marketing strategies to promote the importance of literacy among all school district stakeholders.

Goal #2- All classrooms will function in alignment with the goals of behavior management resulting in the promotion of positive, pro-social classroom behaviors and creating classroom environments with few disruptions so students can focus on learning.

1. All classrooms will operate with visible, evidence-based systems of behavior and classroom management.
2. The capacity of staff members to implement effective behavior management practices will be increased through professional development, guidance, and support.
3. Established district wide PBSIS program and updated discipline codes in all district schools.
4. Training and implementation of restorative practices in the classroom and schools at large.

Goal #3-Increase awareness of mental health and its effect on teaching and learning.

1. Trained staff and stakeholders to understand, promote, and advance the mental health of staff and students.
2. Implemented strategies and practices to address mental health issues that impact instruction and student achievement
3. Implement strategies and practices to address social emotional learning issues that impact instruction and student achievement.
4. Received BCBA grant and continued with Clayton Model grant that expanded our CCC and SCC in the ES and MS.

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, 2025 the District's outstanding debt issues amount to \$12,300,000.

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 25-12-OMB. 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 – Zachary Hickman
 Middle School Teacher – Lee Henry
 High School Teacher – Kelly Citrone
2. New Grant Awards: Juvenile Justice Department Grant - \$25,000
 IDEA Supplemental (21st CCLC Grant) - \$30,000

ACKNOWLEDGEMENTS:

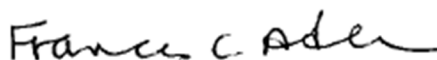
We would like to express our appreciation to the members of the Borough of Clayton School District School Board for their continuous support to the development and maintenance of our financial operations as well as providing accountability to the taxpayers and citizens of Clayton.

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

Respectfully submitted,

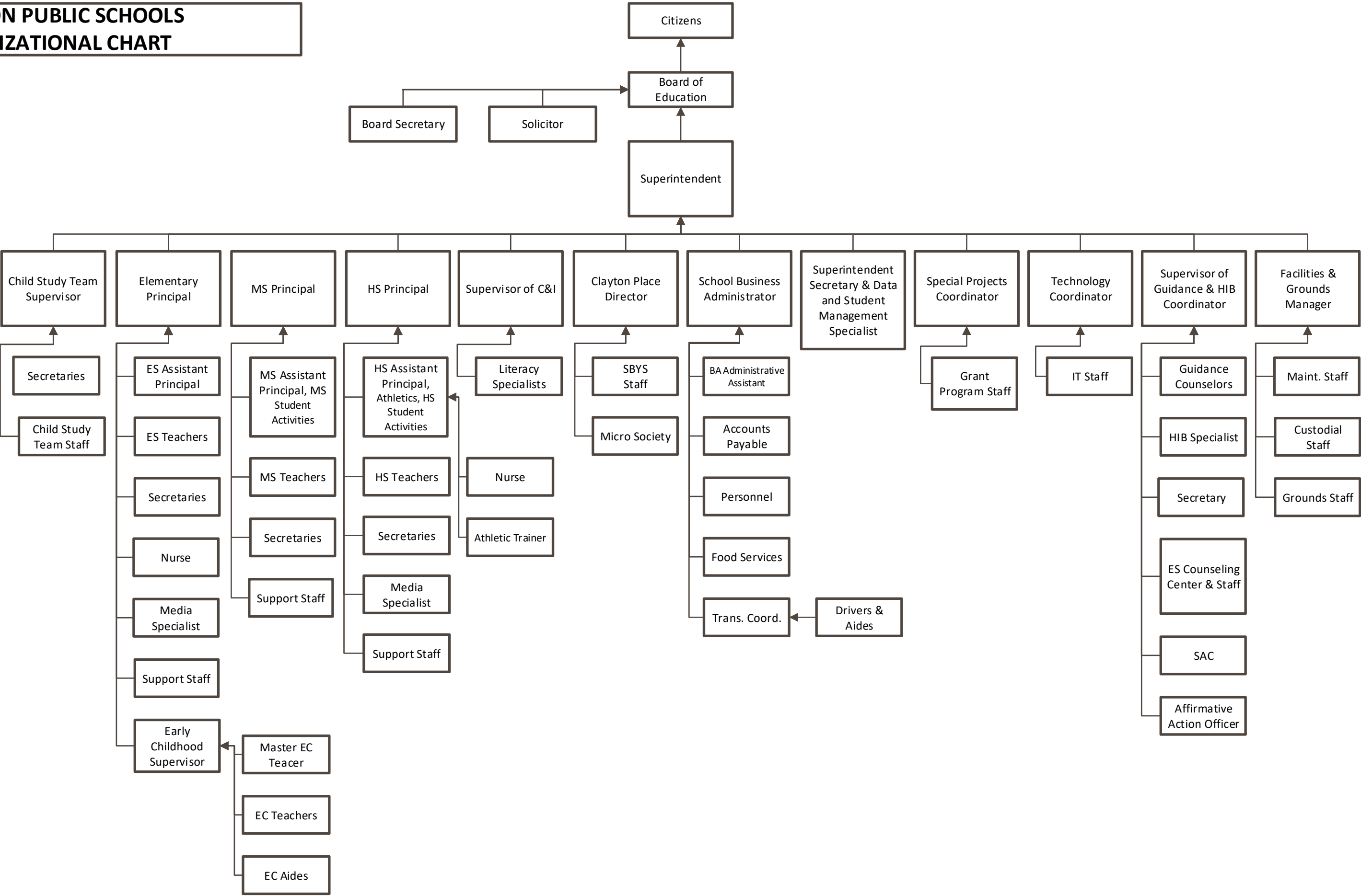


Nikolaos C. Koutsogiannis
Superintendent of Schools



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, 2025

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Paul Connell	President	2027
Robin Roche	Vice President	2027
Robert Fedore		2026
Susan Giordano		2025
Anna Grant		2025
Crystal Greene		2026
Jeremiah Long		2026
Nicole Shaw		2027
April Ward		2025

Other Officials

Nikolaos C. Koutsogiannis	Superintendent
Frances C. Adler	Board Secretary/School Business Administrator
Kelly Brazelton	Treasurer of School Monies

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

CONSULTANTS AND ADVISORS

JUNE 30, 2025

Architect

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Audit Firm

Bowman & Company LLP
601 White Horse Road
Voorhees, New Jersey 08043

Attorney

Parker McCay
9000 Midlantic Drive, Suite 300
Mount Laurel, NJ 08054

Official Depositories

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

Special Counsel

Parker McCay
9000 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, 2025, 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, 2025, 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.

Emphasis of Matter

Change in Accounting Principle

As described in note 1 to the financial statements, during the fiscal year ended June 30, 2025, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Restatement of Prior Period Financial Statements

Because of the implementation of GASB Statement No. 101, net position of governmental activities as of July 1, 2024 on the statement of activities has been restated, as discussed in note 20 to the financial statements. Our opinion is not modified with respect to this matter.

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 25-12-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

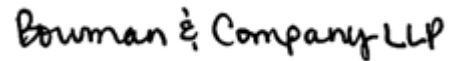
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover 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.

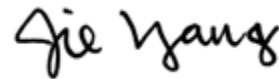
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025 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
Certified Public Accountants
& Consultants



Jie Yang
Certified Public Accountant
Public School Accountant No. CS 266000

Voorhees, New Jersey
December 3, 2025

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(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, 2025 and 2024. 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 2025:

- During the fiscal year ended June 30, 2025, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation of GASB 101 required a restatement of beginning net position as of July 1, 2024, to reflect the cumulative effect of applying the new accounting principle. The restatement resulted in decrease of \$3,575,989 to the beginning net position of the governmental activities. It is important to note that financial information for the prior year presented in this management's discussion and analysis has not been restated and continues to reflect the accounting principles in effect at that time.
- 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 \$15,741,535 (net position).
- Governmental activities have an unrestricted (deficit) net position of (\$9,024,399). The accounting treatments for pensions, compensated absences payable and the last state aid payments, 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 increased by \$1,701,190 during the fiscal year, a 12.12% increase from the restated beginning net position of \$14,040,346.
- Fund balance of the School District's governmental funds increased by \$817,786, resulting in an ending fund balance of \$4,602,311.
- Business-type activities have unrestricted net position of \$256,656, 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.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited) (Cont'd)

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONT'D)

Government-wide Financial Statements (Cont'd) -

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).

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, 2025
(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 2026. 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 2026.

The assets and deferred outflows of resources of the government activities exceeded liabilities and deferred inflows of resources by \$15,741,535 with an unrestricted (deficit) balance of (\$8,767,742). 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 \$19,767,197 in land, improvements, buildings and equipment, which provide the services to the School District's 1,475 public school students at year-end, represents majority of the School District's net position. Net position of \$4,742,080 has been restricted for future budget appropriation.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(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 2025 and 2024.

TABLE 1
Net Position

	<u>June 30, 2025</u>	<u>June 30, 2024 *</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 6,134,389	\$ 5,610,944	\$ 523,445	9.33%
Capital Assets, net	34,057,080	33,597,397	459,683	1.37%
Total Assets	40,191,469	39,208,341	983,128	2.51%
Deferred Outflows of Resources:				
Related to Pensions	152,131	1,470,667	(1,318,536)	-89.66%
Deferred Loss on Refunding	1,232,738	179,540	1,053,198	586.61%
Total Deferred Outflows of Resources	1,384,869	1,650,207	(265,338)	-16.08%
Liabilities:				
Long-Term Liabilities	23,531,859	20,801,954	2,729,905	13.12%
Other Liabilities	1,973,353	2,142,235	(168,882)	-7.88%
Total Liabilities	25,505,212	22,944,189	2,561,023	11.16%
Deferred Inflow of Resources - Related to Pensions	329,591	298,024	31,567	10.59%
Net Position:				
Net Investment in Capital Assets	19,767,197	18,300,639	1,466,558	8.01%
Restricted	4,742,080	4,328,778	413,302	9.55%
Unrestricted (Deficit)	(8,767,742)	(5,013,082)	(3,754,660)	74.90%
Total Net Position	\$ 15,741,535	\$ 17,616,335	\$ (1,874,800)	-10.64%

* Prior year is not consistent due to the change in accounting principle for implementation of GASBS. 101, *Compensated Absences*.

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, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 1,232,738	\$ 1,470,667	\$ (237,929)	-16.18%
Less: Accounts Payable Related to Pensions	(490,959)	(424,590)	(66,369)	-15.63%
Less: Net Pension Liability	(4,239,882)	(4,606,826)	366,944	7.97%
Less: Deferred Inflows Related to Pensions	(329,591)	(298,024)	(31,567)	-10.59%
	\$ (3,827,694)	\$ (3,858,773)	\$ 31,079	0.81%

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited) (Cont'd)

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

Table 3 reflects changes in net position for fiscal years 2025 and 2024.

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 1,093,885	\$ 1,357,150	\$ (263,265)	-19.40%
Operating Grants and Contributions	8,293,913	8,898,632	(604,719)	-6.80%
Capital Grants and Contributions	1,462,159	646,951	815,208	126.01%
General Revenues:				
Property Taxes	10,476,997	10,144,217	332,780	3.28%
Grants and Contributions	20,426,884	18,595,566	1,831,318	9.85%
Other	225,707	163,768	61,939	37.82%
Total Revenues	41,979,545	39,806,284	2,173,261	5.46%
Expenses:				
Instruction:				
Regular	9,376,042	9,451,919	(75,877)	-0.80%
Special Education	1,683,871	1,813,443	(129,572)	-7.15%
Other Instruction	1,338,822	1,465,301	(126,479)	-8.63%
Student Services:				
Tuition	2,687,539	2,036,821	650,718	31.95%
Student and Instruction Related	6,734,607	5,972,391	762,216	12.76%
General Administrative Services	736,312	579,317	156,995	27.10%
School Administrative Services	1,146,868	1,087,907	58,961	5.42%
Central Services	388,994	342,418	46,576	13.60%
Administration Information Technology	161,861	91,461	70,400	76.97%
Plant Operations and Maintenance	3,578,652	3,906,259	(327,607)	-8.39%
Pupil Transportation	1,897,236	1,717,565	179,671	10.46%
Unallocated Benefits	8,866,356	8,476,304	390,052	4.60%
Transfer to Charter Schools	163,330	152,775	10,555	6.91%
Interest on Long-Term Debt	544,412	585,957	(41,545)	-7.09%
Food Service	954,979	889,074	65,905	7.41%
Performing Arts Center	18,475	13,009	5,466	42.02%
Total Expenses	40,278,356	38,581,921	1,696,435	4.40%
Increase in Net Position	1,701,189	1,224,363	476,826	38.94%
Beginning Net Position, as Previously Reported	17,616,335	16,391,972	1,224,363	7.47%
Prior Period Adjustment	(3,575,989)		(3,575,989)	
Beginning Net Position, as Restated	14,040,346	16,391,972	(2,351,626)	-14.35%
Ending Net Position	\$ 15,741,535	\$ 17,616,335	\$ (1,874,800)	-10.64%

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited) (Cont'd)

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

Governmental Activities

In 2024-2025, Governmental Activities Revenues were \$41,080,253 or 97.86% of total revenues.

In 2023-2024, Governmental Activities Revenues were \$38,927,618 or 97.79% of total revenues.

Governmental Activities revenue increased by \$2,152,635 from fiscal year 2023-2024 to fiscal year 2024-2025. This net increase was primarily driven by the following factors:

- A decrease of \$784,340 in federal and state grant revenue recognized in the Special Revenue Fund, as the District fully expended its allocation from the Education Stabilization Fund provided through COVID-19 relief programs;
- An increase of approximately \$1,964,019 in General Fund state aid revenue compared to the prior year;
- An increase of \$1,087,136 in Capital Projects Fund revenue, resulting from the full reimbursement received from the New Jersey School Development Authority under the Regular Operating District (ROD) Grant program.

In 2024-2025, General Revenues - Property Taxes of \$10,476,997 made up 25.50%, and General Revenues - Grants and Contributions not Restricted to Specific Programs of \$20,426,884 made up 49.72% of total revenues.

In 2023-2024, General Revenues - Property Taxes of \$10,144,217 made up 26.06%, and General Revenues - Grants and Contributions not Restricted to Specific Programs of \$18,595,565 made up 47.77% of total revenues.

Governmental Activities expenditures increased by \$1,625,065, or 4.31%, from fiscal year 2023-2024 to 2024-2025. As detailed in Table 3 above, this increase was driven by higher costs across several functional areas, including:

- An increase of \$318,790 in instruction-related expenditures and out-of-district tuition costs;
- An increase of \$762,216 in student and instructional support services;
- An increase of \$179,671 in student transportation costs, which was partially offset by additional revenue from transportation jointure agreements;
- An increase of \$616,998 in employee benefits, primarily due to rising health insurance premiums.

Business-Type Activities

In 2024-2025 Business-Type Activities Revenues were \$899,293 or 2.14% of total revenues. In 2023-2024 Business-Type Activities Revenues were \$878,666 or 2.21% of total revenues.

Charges for Services related to Business-Type Activities totaled \$178,469 for fiscal year 2024–2025, representing a 33.16% decrease from the prior year's total of \$266,994. This decline is primarily attributable to a reduction in reimbursable sales within the Food Service Fund. The number of paid meals served decreased as a result of expanded eligibility for free or reduced-price meals under state guidelines, leading to a higher proportion of students qualifying for meal assistance. Additionally, the District recorded an allowance for uncollectible student accounts in the amount of \$44,867 in anticipation of implementing the Community Eligibility Provision (CEP) in fiscal year 2026.

Expenses for Business-Type Activities totaled \$973,454 for fiscal year 2024–2025, reflecting a 7.91% increase compared to \$902,084 in the prior year. The increase is primarily due to the allocation of additional allowable costs to the Food Service Fund, including salaries and benefits for custodial staff and lunchroom aides, as well as utility expenses.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited) (Cont'd)

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

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 \$30,251,815, which was equal to the original estimate, and actual revenues were \$36,978,580.

During Fiscal Year 2025, the School District budgeted \$9,367,218 and \$20,263,618 for local tax levy and state aid revenues, respectively. The School District also received \$865,444 in reimbursed TPAF Social Security aid, and \$5,218,641 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 \$32,423,023, which was \$249,892 higher than the original estimate. The Board of Education approved to appropriate underbudgeted 2023-2024 Extraordinary Aid revenue in the 2024-2025 budget per NJAC 6A:23A-13.3(d)6.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$900,407 while total fund balance (budgetary basis) was \$6,007,948. 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 \$36,326,600. Unassigned fund balance (budgetary basis) represents 2.48% of expenditures while total fund balance (budgetary basis) represents 16.54% 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 \$4,602,311, an increase of \$817,786 in comparison with the prior year.

Of the combined ending fund balances of \$4,602,311, unassigned fund balance is a deficit of (\$1,007,770), the deficit in fund balance is a result of delay in the June payments of state aid, as discussed in note 17 of the financial statements. The remainder of fund balance of \$5,610,081 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 \$256,656 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, 2025 amounts to \$34,057,080. This investment in capital assets includes land, construction in progress, site 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 \$459,683.

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

- Depreciation and amortization expense of \$2,209,298.
- Capital asset acquisition in the amount of \$2,668,981, including assets acquired through financed purchases.
- Transfer and placed into service \$2,049,828 from construction in progress to completed assets.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited) (Cont'd)

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Table 4 reflects the capital assets.

TABLE 4
Capital Assets (Net of Depreciation and Amortization)

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Land	\$ 510,670	\$ 510,670
Construction in Progress		121,470
Site Improvements	3,695,409	3,977,408
Building and Improvements	27,092,900	25,949,433
Equipment	<u>2,758,101</u>	<u>3,038,416</u>
Total Capital Assets, Net	<u>\$ 34,057,080</u>	<u>\$ 33,597,397</u>

Long-term Debt - At the end of the current fiscal year, the School District had total bonded debt outstanding of \$12,300,000. 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 \$28,401,626 and the legal debt margin was \$16,101,627.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

FACTORS ON THE DISTRICT'S FUTURE

For the 2024-2025 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. 24.96% of total revenue is from local tax levy and 71.90% 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, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,836,389.14	\$ 221,224.06	\$ 2,057,613.20
Accounts Receivable, net	1,778,625.63	36,961.30	1,815,586.93
Internal Balances	5,000.00	(5,000.00)	
Inventory		13,535.39	13,535.39
Restricted Cash and Cash Equivalents	2,247,653.37		2,247,653.37
Capital Assets, net	33,848,427.52	208,652.37	34,057,079.89
Total Assets	39,716,095.66	475,373.12	40,191,468.78
DEFERRED OUTFLOWS OF RESOURCES:			
Loss on Refunding of Debt	152,131.58		152,131.58
Related to Pension	1,232,738.00		1,232,738.00
Total Deferred Outflows of Resources	1,384,869.58	-	1,384,869.58
LIABILITIES:			
Accounts Payable			
Related to Pensions	490,959.00		490,959.00
Other	232,278.35		232,278.35
Payable to State Government	107,639.20		107,639.20
Unearned Revenue	925,439.95	10,064.26	935,504.21
Accrued Interest Payable	206,971.87		206,971.87
Noncurrent Liabilities:			
Due within One Year	2,548,276.32		2,548,276.32
Due beyond One Year	20,983,583.48		20,983,583.48
Total Liabilities	25,495,148.17	10,064.26	25,505,212.43
DEFERRED INFLOWS OF RESOURCES:			
Related to Pension	329,591.00	-	329,591.00
NET POSITION:			
Net Investment in Capital Assets	19,558,545.01	208,652.37	19,767,197.38
Restricted for:			
Debt Service	2.74		2.74
Student Activities	314,317.25		314,317.25
Capital Projects	2,517,981.73		2,517,981.73
Other Purposes	1,909,778.08		1,909,778.08
Unrestricted (Deficit)	(9,024,398.74)	256,656.49	(8,767,742.25)
Total Net Position	\$ 15,276,226.07	\$ 465,308.86	\$ 15,741,534.93

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, 2025

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	\$ 9,376,041.87	\$ 122,770.51	\$ 2,052,338.96	\$ -	\$ (7,200,932.40)	\$ -	\$ (7,200,932.40)
Special Education	1,683,871.11				(1,683,871.11)		(1,683,871.11)
Other Instruction	1,338,821.77				(1,338,821.77)		(1,338,821.77)
Support Services:							
Tuition	2,687,539.01				(2,687,539.01)		(2,687,539.01)
Student and Instruction Related Services	6,734,607.09	484,789.24	2,205,428.32	1,462,158.56	(2,582,230.97)		(2,582,230.97)
General Administrative Services	736,311.88				(736,311.88)		(736,311.88)
School Administrative Services	1,146,867.56				(1,146,867.56)		(1,146,867.56)
Central Services	388,994.46				(388,994.46)		(388,994.46)
Administrative Information Technology	161,860.85				(161,860.85)		(161,860.85)
Plant Operations and Maintenance	3,578,652.08				(3,578,652.08)		(3,578,652.08)
Pupil Transportation	1,897,236.20	307,856.51			(1,589,379.69)		(1,589,379.69)
Unallocated Benefits	8,866,355.87		3,315,321.53		(5,551,034.34)		(5,551,034.34)
Charter Schools	163,330.00				(163,330.00)		(163,330.00)
Interest on Long-Term Debt	544,412.20				(544,412.20)		(544,412.20)
Total Governmental Activities	39,304,901.95	915,416.26	7,573,088.81	1,462,158.56	(29,354,238.32)	-	(29,354,238.32)
Business-Type Activities:							
Food Service	954,978.60	149,741.89	720,823.73			(84,412.98)	(84,412.98)
Performing Arts Center	18,475.25	28,727.25				10,252.00	10,252.00
Total Business-Type Activities	973,453.85	178,469.14	720,823.73	-	-	(74,160.98)	(74,160.98)
Total Government	<u>\$ 40,278,355.80</u>	<u>\$ 1,093,885.40</u>	<u>\$ 8,293,912.54</u>	<u>\$ 1,462,158.56</u>	<u>(29,354,238.32)</u>	<u>(74,160.98)</u>	<u>(29,428,399.30)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					9,367,218.00		9,367,218.00
Property Taxes, Levied for Debt Service					1,109,779.00		1,109,779.00
Federal and State Aid Not Restricted					20,314,281.24		20,314,281.24
Federal and State Aid Restricted					112,603.00		112,603.00
Miscellaneous Income					225,707.66		225,707.66
Total General Revenues					31,129,588.90	-	31,129,588.90
Change in Net Position					1,775,350.58	(74,160.98)	1,701,189.60
Net Position -- July 1					17,076,864.85	539,469.84	17,616,334.69
Prior Period Adjustment					(3,575,989.36)	-	(3,575,989.36)
Net Position -- July 1 (Restated)					13,500,875.49	539,469.84	14,040,345.33
Net Position -- June 30					<u>\$ 15,276,226.07</u>	<u>\$ 465,308.86</u>	<u>\$ 15,741,534.93</u>

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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,836,389.14	\$ 872,498.19	\$ -	\$ 2.74	\$ 2,708,890.07
Cash Held by Fiscal Agent	188,358.35				188,358.35
Cash - Capital Reserve Account	1,186,794.09				1,186,794.09
Intergovernmental Accounts Receivable					
Federal		368,181.91			368,181.91
State	887,295.97	64,000.00	266,015.24		1,217,311.21
Other	48,020.35	95,655.33			143,675.68
Other Accounts Receivable	49,456.83				49,456.83
Interfunds Accounts Receivable	271,015.24				271,015.24
Total Assets	\$ 4,467,329.97	\$ 1,400,335.43	\$ 266,015.24	\$ 2.74	\$ 6,133,683.38
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 141,811.24	\$ 52,939.03	\$ -	\$ -	\$ 194,750.27
Other Current Liabilities	23,302.81				23,302.81
Interfunds Accounts Payable			266,015.24		266,015.24
Payable to State Government		107,639.20			107,639.20
Payroll Deductions and Withholdings Payable	14,225.27				14,225.27
Unearned Revenue		925,439.95			925,439.95
Total Liabilities	179,339.32	1,086,018.18	266,015.24	\$ -	1,531,372.74
Fund Balances:					
Restricted:					
Capital Reserve	2,517,981.73				2,517,981.73
Maintenance Reserve	100,000.00				100,000.00
Excess Surplus - Designated for Subsequent Year's Expenditures	607,790.90				607,790.90
Excess Surplus	1,201,987.18				1,201,987.18
Debt Service				2.74	2.74
Student Activities		314,317.25			314,317.25
Committed	188,220.50				188,220.50
Assigned:					
Designated for Subsequent Year's Expenditures	200,000.00				200,000.00
Other Purposes	479,780.64				479,780.64
Unassigned (Deficit)	(1,007,770.30)				(1,007,770.30)
Total Fund Balances	4,287,990.65	314,317.25	-	2.74	4,602,310.64
Total Liabilities and Fund Balances	\$ 4,467,329.97	\$ 1,400,335.43	\$ 266,015.24	\$ 2.74	

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 \$60,255,745.80, and the accumulated depreciation and amortization is \$26,407,318.28.

33,848,427.52

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.

(23,531,859.80)

Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds.

(206,971.87)

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

(490,959.00)

Deferred Outflows of Resources - Related to Pensions

1,232,738.00

Deferred Outflows of Resources - Loss on Refunding of Debt

152,131.58

Deferred Inflows of Resources - Related to Pensions

(329,591.00)

Net position of governmental activities

\$ 15,276,226.07

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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$9,367,218.00	\$ -	\$ -	\$ 1,109,779.00	\$ 10,476,997.00
Tuition Charges	122,770.51				122,770.51
Transportation Charges	307,856.51				307,856.51
Unrestricted Miscellaneous Revenues	142,192.75				142,192.75
State Sources	26,738,056.83	2,560,095.43	1,208,606.01	112,603.00	30,619,361.27
Federal Sources	30,082.34	1,765,274.75			1,795,357.09
Local Sources	83,514.91	849,484.49			932,999.40
Total Revenues	36,791,691.85	5,174,854.67	1,208,606.01	1,222,382.00	44,397,534.53
EXPENDITURES:					
Current:					
Regular Instruction	7,428,279.06	2,052,338.96			9,480,618.02
Special Education Instruction	1,683,871.11				1,683,871.11
Other Instruction	1,338,821.77				1,338,821.77
Support Services and Undistributed Costs:					
Tuition	2,687,539.01				2,687,539.01
Student and Instruction Related Services	4,184,820.08	2,529,252.00			6,714,072.08
General Administrative Services	585,741.92				585,741.92
School Administrative Services	1,146,867.56				1,146,867.56
Central Services	388,994.46				388,994.46
Administrative Information Technology	225,275.21				225,275.21
Plant Operations and Maintenance	1,978,417.26				1,978,417.26
Pupil Transportation	1,999,056.69				1,999,056.69
Unallocated Benefits	11,111,054.51	548,518.10			11,659,572.61
Charter Schools	163,330.00				163,330.00
Debt Service:					
Principal				775,000.00	775,000.00
Interest and Other Charges	156,872.00			447,381.26	604,253.26
Capital Outlay	466,407.32	253,552.55	1,928,357.93		2,648,317.80
Total Expenditures	35,545,347.96	5,383,661.61	1,928,357.93	1,222,381.26	44,079,748.76
Excess (Deficiency) of Revenues over Expenditures	1,246,343.89	(208,806.94)	(719,751.92)	0.74	317,785.77
OTHER FINANCING SOURCES (USES):					
Capital Reserve Transfer to Capital Projects	(850,936.00)		850,936.00		
Capital Projects Transfer to Capital Reserve	131,184.08		(131,184.08)		
Transfer to Special Revenue Fund - PreK	(242,096.00)	242,096.00			
Proceeds from Issuance of Financed Purchase Liability	500,000.00				500,000.00
Total Other Financing Sources (Uses)	(461,847.92)	242,096.00	719,751.92	-	500,000.00
Net Change in Fund Balances	784,495.97	33,289.06	-	0.74	817,785.77
Fund Balance -- July 1	3,503,494.68	281,028.19		2.00	3,784,524.87
Fund Balance -- June 30	\$4,287,990.65	\$ 314,317.25	\$ -	\$ 2.74	\$ 4,602,310.64

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, 2025

Total Net Change in Fund Balances - Governmental Funds	\$ 817,785.77
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	\$ (2,183,042.77)
Capital Outlays	<u>2,648,317.80</u>
	465,275.03
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.	775,000.00
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.	(500,000.00)
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.	50,361.26
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. (+)	9,479.80
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.	681,513.98
In the statement of activities, certain operating expenses, e.g., compensated absences 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 (+).	(555,144.26)
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>31,079.00</u>
Change in Net Position of Governmental Activities	<u>\$ 1,775,350.58</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, 2025

	Business-Type Activities - Enterprise Fund		
	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 163,275.12	\$ 57,948.94	\$ 221,224.06
Accounts Receivable:			
Federal	33,619.30		33,619.30
State	3,291.50		3,291.50
Other, net	50.50		50.50
Inventories	13,535.39		13,535.39
Total Current Assets	<u>213,771.81</u>	<u>57,948.94</u>	<u>271,720.75</u>
Noncurrent Assets:			
Equipment	558,163.42	14,632.22	572,795.64
Less Accumulated Depreciation	<u>(363,127.14)</u>	<u>(1,016.13)</u>	<u>(364,143.27)</u>
Total Noncurrent Assets	<u>195,036.28</u>	<u>13,616.09</u>	<u>208,652.37</u>
Total Assets	<u>408,808.09</u>	<u>71,565.03</u>	<u>480,373.12</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	10,064.26		10,064.26
Interfunds Accounts Payable	<u>5,000.00</u>		<u>5,000.00</u>
Total Current Liabilities	<u>15,064.26</u>	<u>-</u>	<u>15,064.26</u>
NET POSITION:			
Net Investment in Capital Assets	195,036.28	13,616.09	208,652.37
Unrestricted	<u>198,707.55</u>	<u>57,948.94</u>	<u>256,656.49</u>
Total Net Position	<u>\$ 393,743.83</u>	<u>\$ 71,565.03</u>	<u>\$ 465,308.86</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, 2025

	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	\$ 67,894.79	\$ -	\$ 67,894.79
Daily Sales - Non-Reimbursable Programs	81,847.10		81,847.10
Rent		28,727.25	28,727.25
Total Operating Revenues	<u>149,741.89</u>	<u>28,727.25</u>	<u>178,469.14</u>
OPERATING EXPENSES:			
Salaries	338,564.98	9,478.07	348,043.05
Employee Benefits	71,871.91		71,871.91
Purchased Professional/Technical Services	71,980.00		71,980.00
Other Purchased Services	34,233.00	2,735.56	36,968.56
Supplies and Materials	39,006.26	5,245.49	44,251.75
Cost of Sales - Reimbursable Programs	340,627.78		340,627.78
Cost of Sales - Non-Reimbursable Programs	33,445.16		33,445.16
Miscellaneous	10.50		10.50
Depreciation	25,239.01	1,016.13	26,255.14
Total Operating Expenses	<u>954,978.60</u>	<u>18,475.25</u>	<u>973,453.85</u>
Operating Income (Loss)	<u>(805,236.71)</u>	<u>10,252.00</u>	<u>(794,984.71)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	35,228.71		35,228.71
State School Breakfast Program	15,054.35		15,054.35
Summer EBT Program for Children	321.50		321.50
Federal Sources:			
National School Lunch Program - HHFKA	11,790.72		11,790.72
National School Lunch Program	435,851.91		435,851.91
National School Lunch Program - Snacks Program	8,997.36		8,997.36
National School Breakfast Program	141,049.38		141,049.38
Summer EBT Program for Children	321.50		321.50
Local Food for Schools Cooperative Program	4,117.42		4,117.42
Food Distribution Program	68,090.88		68,090.88
Total Nonoperating Revenues	<u>720,823.73</u>	<u>-</u>	<u>720,823.73</u>
Change in Net Position	(84,412.98)	10,252.00	(74,160.98)
Total Net Position -- July 1	<u>478,156.81</u>	<u>61,313.03</u>	<u>539,469.84</u>
Total Net Position -- June 30	<u>\$ 393,743.83</u>	<u>\$ 71,565.03</u>	<u>\$ 465,308.86</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 187,169.19	\$ 28,727.25	\$ 215,896.44
Payments to Employees	(338,564.98)	(11,511.53)	(350,076.51)
Payments for Employee Benefits	(71,871.91)		(71,871.91)
Payments to Suppliers	(509,662.14)	(7,981.05)	(517,643.19)
Net Cash Provided By (Used For) Operating Activities	(732,929.84)	9,234.67	(723,695.17)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash Received from State and Federal Reimbursements	636,733.33		636,733.33
Cash Paid to State for Overpayment of Subsidy Reimbursements	(35,357.20)		(35,357.20)
Net Cash Provided By (Used For) Non-Capital Financing Activities	601,376.13	-	601,376.13
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	(6,031.00)	(14,632.22)	(20,663.22)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(6,031.00)	(14,632.22)	(20,663.22)
Net Increase (Decrease) in Cash and Cash Equivalents	(137,584.71)	(5,397.55)	(142,982.26)
Cash and Cash Equivalents -- July 1	300,859.83	63,346.49	364,206.32
Cash and Cash Equivalents -- June 30	\$ 163,275.12	\$ 57,948.94	\$ 221,224.06
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating Income (Loss)	\$ (805,236.71)	\$ 10,252.00	\$ (794,984.71)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Depreciation	25,239.01	1,016.13	26,255.14
Food Distribution Program	68,090.88		68,090.88
(Increase) Decrease in Accounts Receivable Other	34,034.29		34,034.29
(Increase) Decrease in Inventories	(6,566.72)		(6,566.72)
Increase (Decrease) in Accounts Payable	(51,883.60)	(2,033.46)	(53,917.06)
Increase (Decrease) in Unearned Revenue	3,393.01		3,393.01
Total Adjustments	72,306.87	(1,017.33)	71,289.54
Net Cash Provided By (Used For) Operating Activities	\$ (732,929.84)	\$ 9,234.67	\$ (723,695.17)

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, 2025

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, 2025 of 1,475.

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.

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.

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):

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

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

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

The School District reports the following major proprietary funds:

Enterprise Funds

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

Performing Arts Center Fund - This fund accounts for the financial activity related to 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, 2025.

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, 2025. The School District had no prepaid expenses for the fiscal year ended June 30, 2025.

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
Lease Assets	3-5 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.

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 and defined benefit pension plans

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

Tuition charges for the fiscal years ended June 30, 2025 and 2024 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, 2025, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences

Compensated absences are payments or settlements to employees for accumulated time such as paid time off (PTO), sick leave, vacation leave, compensatory time, and certain types of sabbatical leave. A liability for compensated absences is recognized for leave that is attributable to services already rendered, accumulates, and that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The entire compensated absence liability, including applicable salary-related payments, is reported on the government-wide financial statements. Examples of salary-related payments include the employer share of Social Security and Medicare taxes. 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. The governmental funds use the current financial resources measurement focus, and therefore expenditures are recognized for the amount that normally would be liquidated with expendable available financial resources, as payments come due each period, for example, use of leave or as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

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

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

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

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

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

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

Interfund Activity

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

Accounting Estimates

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

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

The School District implemented the following GASB Statement for the fiscal year ended June 30, 2025:

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.

Because of the implementation of GASB Statement No. 101, the School District has reported and disclosed compensated absences in accordance with the Statement (notes 7 and 13).

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

The Governmental Accounting Standards Board (GASB) has issued the following statement that has an effective date that may affect future financial presentations:

Statement No. 103, *Financial Reporting Model Improvement*. The objective of this Statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by the GASB. The Statement will become effective for the School District in the fiscal year ending June 30, 2026. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements.

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, 2025, the School District's bank balances of \$4,092,333.27 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 4,041,987.41
Uninsured and Uncollateralized	<u>50,345.86</u>
Total	<u>\$ 4,092,333.27</u>

New Jersey Asset and Rebate Management Program (NJ/ARM) - During the fiscal year ended June 30, 2025, the School District participated in the New Jersey Asset & Rebate Management Program. The program was created under the Interlocal Services Act to make available comprehensive investment management, accounting and rebate calculation services. The Program currently includes the Joint Account and the NJ/TERM Series. 100% of the School District's funds are in the Joint Account. Deposits and investments in the NJ/ARM Joint Account include cash and cash equivalents, government agency and instrumentality obligations, and repurchase agreements. Investments in the Joint Account have AA+ or A-1+ ratings from Standard & Poor's. Shares of the Joint Account are available to be redeemed upon proper notice without restrictions under normal operating conditions. Therefore, the School District classified such funds as cash equivalents. As of June 30, 2025, the School District's deposits with NJ/ARM, which were not covered by FDIC or GUDPA, were \$1,186,523.35.

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.

The activity of the capital reserve for the fiscal year is as follows:

Beginning Balance, July 1, 2024		\$ 2,730,210.30
Increased by:		
Interest Earnings	\$ 7,523.35	
Deposits:		
Unexpended Capital Project Funds	131,184.08	
Board Resolution (June 10, 2025)	<u>500,000.00</u>	
		<u>638,707.43</u>
		3,368,917.73
Decreased by:		
Budgeted Withdrawal		<u>850,936.00</u>
Ending Balance, June 30, 2025		<u><u>\$ 2,517,981.73</u></u>

The June 30, 2025 LRFP balance of local support costs of uncompleted projects at June 30, 2025 is \$9,058,020.93. The withdrawals from the capital reserve were for use in Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 consisted of accounts (fees for services) and intergovernmental awards / grants. All governmental funds 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. For the proprietary funds, an allowance for uncollectible accounts receivable in the amount of \$44,866.95 as of June 30, 2025 was established in the Food Service Fund based on management's estimates.

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>Capital Projects Fund</u>		<u>Food Service Fund</u>	<u>Total Business- Type Activities</u>	
Federal Awards	\$ -	\$ 368,181.91	\$ -	\$ 368,181.91	\$ 33,619.30	\$ 33,619.30	\$ 401,801.21
State Awards	887,295.97	64,000.00	266,015.24	1,217,311.21	3,291.50	3,291.50	1,220,602.71
Local Awards		95,655.33		95,655.33		-	95,655.33
Provided Services	97,477.18			97,477.18	50.50	50.50	97,527.68
Total	<u>\$984,773.15</u>	<u>\$ 527,837.24</u>	<u>\$266,015.24</u>	<u>\$ 1,778,625.63</u>	<u>\$ 36,961.30</u>	<u>\$ 36,961.30</u>	<u>\$ 1,815,586.93</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2025 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 8,980.22
Supplies	<u>4,555.17</u>
	<u>\$ 13,535.39</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025 is as follows:

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 510,670.00	\$ -	\$ -	\$ -	\$ 510,670.00
Construction in Progress	121,470.20	1,928,357.93	(2,049,828.13)		
Total Capital Assets, not being Depreciated	632,140.20	1,928,357.93	(2,049,828.13)	-	510,670.00
Capital Assets, being Depreciated:					
Site Improvements	5,154,057.73	71,926.57			5,225,984.30
Buildings and Improvements	46,353,438.45	318,167.00	2,049,828.13		48,721,433.58
Equipment	5,238,126.09	329,866.30		(22,487.00)	5,545,505.39
Total Capital Assets, being Depreciated	56,745,622.27	719,959.87	2,049,828.13	(22,487.00)	59,492,923.27
Total Capital Assets, Cost	57,377,762.47	2,648,317.80	-	(22,487.00)	60,003,593.27
Less Accumulated Depreciation:					
Site Improvements	(1,176,650.19)	(353,924.53)			(1,530,574.72)
Buildings and Improvements	(20,404,005.32)	(1,224,529.44)			(21,628,534.76)
Equipment	(2,561,043.40)	(541,550.64)		22,487.00	(3,080,107.04)
Total Accumulated Depreciation	(24,141,698.91)	(2,120,004.61)	-	22,487.00	(26,239,216.52)
Total Capital Assets, being Depreciated, net Excluding Lease Assets	32,603,923.36	(1,400,044.74)	2,049,828.13	-	33,253,706.75
Total Capital Assets, net Excluding Lease Assets	33,236,063.56	528,313.19	-	-	33,764,376.75
Lease Assets:					
Equipment	252,152.53	-	-	-	252,152.53
Less Accumulated Amortization:					
Lease Assets:					
Equipment	(105,063.60)	(63,038.16)	-	-	(168,101.76)
Total Lease Assets, net	147,088.93	(63,038.16)	-	-	84,050.77
Governmental Activities Capital Assets, Net	\$ 33,383,152.49	\$ 465,275.03	\$ -	\$ -	\$ 33,848,427.52
	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Business-Type Activities:					
Capital Assets, being Depreciated:					
Equipment	\$ 552,132.42	\$ 20,663.22	\$ -	\$ -	\$ 572,795.64
Total Capital Assets, being Depreciated	552,132.42	20,663.22	-	-	572,795.64
Less Accumulated Depreciation for:					
Equipment	(337,888.13)	(26,255.14)			(364,143.27)
Total Accumulated Depreciation	(337,888.13)	(26,255.14)	-	-	(364,143.27)
Total Capital Assets, being Depreciated, Net	214,244.29	(5,591.92)	-	-	208,652.37
Business-Type Activities Capital Assets, Net	\$ 214,244.29	\$ (5,591.92)	\$ -	\$ -	\$ 208,652.37

Note 6: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:

Regular Instruction	\$ 164,893.79
Student & Instruction Related Services	20,535.01
General and Business Administrative Services	150,569.96
Plant Operation and Maintenance	<u>1,847,044.01</u>

Total Depreciation and Amortization Expense -

Governmental Activities	<u>\$ 2,183,042.77</u>
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Business-Type Activities:

Food Service	\$ 25,239.01
Performing Arts Center	<u>1,016.13</u>

Total Depreciation and Amortization Expense -

Business-Type Activities	<u>\$ 26,255.14</u>
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Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in long-term obligations for governmental activities:

	(Restated) Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 13,075,000.00	\$ -	\$ (775,000.00)	\$ 12,300,000.00	\$ 810,000.00
Add Amounts:					
Premium on Bonds	<u>502,716.90</u>		<u>(77,769.47)</u>	<u>424,947.43</u>	
Total Bonds Payable	<u>13,577,716.90</u>	<u>-</u>	<u>(852,769.47)</u>	<u>12,724,947.43</u>	<u>810,000.00</u>
Other Liabilities:					
Financed Purchases	1,746,314.17	500,000.00	(618,099.62)	1,628,214.55	485,915.12
Compensated Absences	4,294,819.45	555,144.26 *		4,849,963.71	1,186,195.96
Net Pension Liability	<u>4,606,826.00</u>	<u>1,433,310.00</u>	<u>(1,800,254.00)</u>	<u>4,239,882.00</u>	
Total Other Liabilities	<u>10,647,959.62</u>	<u>2,488,454.26</u>	<u>(2,418,353.62)</u>	<u>10,718,060.26</u>	<u>1,672,111.08</u>
Lease Liabilities	<u>152,266.47</u>		<u>(63,414.36)</u>	<u>88,852.11</u>	<u>66,165.24</u>
Governmental Activities Long-Term Liabilities	<u>\$ 24,377,942.99</u>	<u>\$ 2,488,454.26</u>	<u>\$ (3,334,537.45)</u>	<u>\$ 23,531,859.80</u>	<u>\$ 2,548,276.32</u>

* the change in the compensated absences liability is presented as a net change.

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

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

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

Bonds Payable (Cont'd) - 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 \$10,017,000.00 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>
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	905,000.00	345,393.76	1,250,393.76
2030	950,000.00	312,225.00	1,262,225.00
2031-2035	5,340,000.00	1,011,093.78	6,351,093.78
2036-2040	2,590,000.00	295,137.52	2,885,137.52
Total	<u>\$ 12,300,000.00</u>	<u>\$ 3,167,456.32</u>	<u>\$ 15,467,456.32</u>

Bonds Authorized but not Issued - As of June 30, 2025, 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, 2025, the School District is financing:

- Haupt Field Improvement Project, school buses, technology equipment, 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.
- Technology equipment, music equipment, maintenance and grounds equipment, nurses' office supplies and a school bus with a total cost of \$500,000.00. The agreement is for a term of five (5) years with an interest rate of 4.539%. The final maturity of the financed purchase is August 1, 2028.

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, 2025:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 485,915.12	\$ 70,405.40	\$ 556,320.52
2027	506,852.46	49,468.06	556,320.52
2028	528,692.57	27,627.95	556,320.52
2029	106,754.40	4,846.12	111,600.52
Total	<u>\$ 1,628,214.55</u>	<u>\$ 152,347.53</u>	<u>\$ 556,320.52</u>

Assets acquired through financed purchases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

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

Compensated Absences - Refer to note 13 for a description of the School District's policy.

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

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.

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>
2026	\$ 66,165.24	\$ 2,499.60	\$ 68,664.84
2027	22,686.87	201.41	22,888.28
Total	<u>\$ 88,852.11</u>	<u>\$ 2,701.01</u>	<u>\$ 91,553.12</u>

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

Note 8: PENSION PLANS

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

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

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

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

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan that was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, and disability 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 state or local officials who are elected or appointed on or after July 1, 2007; 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.

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

Teachers' Pension and Annuity Fund (Cont'd) - The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 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

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.

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

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2024. 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 2024, 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*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 32.53% 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, 2025 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, 2024, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2025 was \$3,832,268.00, and was paid by April 1, 2025. School District employee contributions to the Plan during the fiscal year ended June 30, 2025 were \$890,975.68.

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 2024. 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, 2025 was 15.39% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2024, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2025 was \$424,586.00, and was paid by April 1, 2025. School District employee contributions to the Plan during the fiscal year ended June 30, 2025 were \$247,523.71.

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, 2025 was .43% of the School District's covered payroll.

Based on the most recent PERS measurement date of June 30, 2024, 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, 2025 was \$13,669.00. For the prior year measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the School District, to the pension plan for the year ended June 30, 2024 was \$14,367.00.

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, 2025, employee contributions totaled \$17,388.81, and the School District recognized pension expense, which equaled the required contributions, of \$12,715.05. 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, 2025, 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		43,821,339.00
	\$	<u>43,821,339.00</u>

Note 8: 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 Liability (Cont'd) - The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. For the June 30, 2024 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, 2024 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 .0886621040%, which was an increase of .0026889247% from its proportion measured as of June 30, 2023.

Pension (Benefit) Expense - For the fiscal year ended June 30, 2025, the State's proportionate share of the pension (benefit) expense, associated with the School District, calculated by the Plan as of June 30, 2024 measurement date, was (\$159,854.00).

Public Employees' Retirement System

Pension Liability - At June 30, 2025, 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 \$4,239,882.00 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. 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, 2024 measurement date, the School District's proportion was .0312030288%, which was a decrease of .0006024579 from its proportion measured as of June 30, 2023.

Pension (Benefit) Expense - For the fiscal year ended June 30, 2025, the School District recognized pension (benefit) expense of \$393,507.00, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2024 measurement date.

For the fiscal year ended June 30, 2025, 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, 2024 measurement date, was \$13,669.00. This on-behalf expense has been recognized by the School District in the government-wide financial statements.

Note 8: 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 - At June 30, 2025, 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 Resources</u>
Differences between Expected and Actual Experience	\$ 84,933.00	\$ 11,288.00
Changes of Assumptions	5,267.00	48,240.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	196,592.00
Changes in Proportion and Differences between Contribution and Proportionate Share of Contributions	651,579.00	73,471.00
Contributions Subsequent to the Measurement Date	490,959.00	-
	<u>\$ 1,232,738.00</u>	<u>\$ 329,591.00</u>

Deferred outflows of resources in the amount of \$490,959.00 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2026. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2026	\$ 79,119.00
2027	335,332.00
2028	50,540.00
2029	(52,568.00)
2030	(235.00)
	<u>\$ 412,188.00</u>

Note 8: 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) - The other deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of 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, 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	June 30, 2023	-	5.00
June 30, 2023	5.08	-	June 30, 2024	-	5.00
June 30, 2024	5.08	-			
Changes of Assumptions			Changes in Proportion		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
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
			June 30, 2023	5.08	5.08
			June 30, 2024	5.08	5.08

Actuarial Assumptions

The net pension liabilities were measured as of June 30, 2024 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2023. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. 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

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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.

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, 2024 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, 2024 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-US Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate -**

Teachers' Pension and Annuity Fund - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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.

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 all 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, 2024, 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, 2024 (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	52,087,865.00	43,821,339.00	36,859,361.00
	<u>\$ 52,087,865.00</u>	<u>\$ 43,821,339.00</u>	<u>\$ 36,859,361.00</u>

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

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2024, 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>\$ 5,633,761.00</u>	<u>\$ 4,239,882.00</u>	<u>\$ 3,053,699.00</u>

Pension Plan Fiduciary Net Position

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

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

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a 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.

Note 9: 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)**

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

Employees Covered by Benefit Terms - At June 30, 2024, 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	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	153,556
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>372,741</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, 2025 was \$50,551,615.00. 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, 2024, and was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024. For the June 30, 2024 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was .0847461536%, which was an increase of .0011150157% from its proportion measured as of June 30, 2023.

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, 2023, which was rolled forward to June 30, 2024, 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 5.65%	2.75% to 6.55%	3.25% to 16.25%

* based on service years

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

Mortality Rates - Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Experience Studies - The actuarial assumptions used in the July 1, 2023 valuation, which was rolled forward to June 30, 2024, were based on the results of actuarial experience studies for the periods July 1, 2018 to June 30, 2021 for TPAF, PERS, and PFRS.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate - The discount rate for June 30, 2024 measurement date was 3.93%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

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

Balance at June 30, 2024		\$ 43,790,659.00
Changes for the Year:		
Service Cost	\$ 2,139,450.00	
Interest Cost	1,664,039.00	
Difference between Expected and Actual Experience	402,873.00	
Changes in Assumptions	3,781,933.00	
Member Contributions	43,515.00	
Gross Benefit Payments	(1,270,854.00)	
Net Changes		<u>6,760,956.00</u>
Balance at June 30, 2025		<u>\$ 50,551,615.00</u>

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

Differences between expected and actual experience reflect an increase in liability for the measurement period from June 30, 2023 to June 30, 2024 due to changes in the census and premium and claims experience.

Changes in assumptions reflect an increase in the liability for the measurement period from June 30, 2023 to June 30, 2024 due to the combined effect of the discount rate change; and changes in the trend update.

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, 2024, associated with the School District, using a discount rate of 3.93%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the Employer	<u>\$ 59,206,768.00</u>	<u>\$ 50,551,615.00</u>	<u>\$ 43,591,076.00</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, 2024, 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>\$ 42,109,863.00</u>	<u>\$ 50,551,615.00</u>	<u>\$ 61,547,554.00</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, 2025, the School District recognized \$1,885,571.00 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, 2024 measurement date.

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

Deferred Outflows and Inflows of Resources - 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, 2025, the State's proportionate share of the total non-employer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 5,405,900.00	\$ 9,440,473.00
Changes of Assumptions	8,478,834.00	9,883,612.00
Changes in Proportion	<u>1,755,513.00</u>	<u>1,446,094.00</u>
	<u><u>\$ 15,640,247.00</u></u>	<u><u>\$ 20,770,179.00</u></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:

<u>Fiscal Year Ending June 30,</u>	
2026	\$ (1,918,799.00)
2027	(1,624,800.00)
2028	(753,958.00)
2029	203,236.00
2030	(1,227,135.00)
Thereafter	<u>191,524.00</u>
	<u><u>\$ (5,129,932.00)</u></u>

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2025, 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 \$3,987,533.00, \$49,395.00, \$1,179,594.00, and \$2,119.00, respectively.

Note 11: RISK MANAGEMENT

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

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 Schools 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 12: 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 13: COMPENSATED ABSENCES

The School District provides compensated absences to eligible employees in the form of vacation, sick leave, personal leave, and other paid time off, in accordance with applicable collective bargaining agreements (CBAs) and the School District's personnel policies and individual employment contracts. These agreements and policies govern the accrual, usage, and payout of leave balances. The liability is calculated based on current pay rates and includes applicable salary-related benefits.

The liability for compensated absences is reported in the government-wide financial statements and, where applicable, in proprietary fund statements. At June 30, 2025, the liability for compensated absences reported on the government-wide statement of net position was \$4,849,963.71. As of June 30, 2025, no liability for compensated absences in proprietary fund exits.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfunds - The composition of interfund balances as of June 30, 2025 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 271,015.24	\$ -
Capital Projects		266,015.24
Food Service		5,000.00
Totals	<u>\$ 271,015.24</u>	<u>\$ 271,015.24</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2026, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Transfers -

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
<u>Transfer Out:</u>			
General Fund	\$ -	\$ 242,096.00	\$ 850,936.00
Capital Projects Fund	<u>131,184.08</u>		
Total Transfers	<u>\$ 131,184.08</u>	<u>\$ 242,096.00</u>	<u>\$ 850,936.00</u>

The interfund transfer from general fund to special revenue fund was to transfer general fund contribution of preschool inclusion amount per the District's adopted budget. The interfund transfer from general fund to capital projects fund was to provide local shares to two capital projects in accordance with Capital Reserve Statement of Purpose. The interfund transfer from capital projects fund to general fund was to return unspent local share back to the capital reserve.

Note 15: CONTINGENCIES

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

Note 16: CONCENTRATIONS

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

Note 17: DEFICIT FUND BALANCES

The School District has an unassigned deficit fund balance of \$1,007,770.30 in the general fund as of June 30, 2025 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 unassigned deficit in the GAAP funds statements of \$1,007,770.30 is less than the June state aid payments.

Note 18: FUND BALANCES**RESTRICTED**

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

General Fund

For Capital Reserve Account - As of June 30, 2025, the balance in the capital reserve account is \$2,517,981.73. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2025, the balance in the maintenance reserve account is \$100,000.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

For 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, 2025 is \$1,201,987.18. Additionally, \$607,790.90 of excess fund balance generated during 2023-2024 has been restricted and designated for utilization in the 2025-2026 budget.

Note 18: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)****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, 2025 is \$314,317.25.

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, 2025 \$2.74 of debt service fund balance at June 30, 2025.

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, 2025, the School District has committed \$188,220.50 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, 2025, net of expenditures (see note 7).

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, 2026 \$200,000.00 of general fund balance at June 30, 2025.

Other Purposes - As of June 30, 2025, the School District had \$479,780.64 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Note 18: FUND BALANCES (CONT'D)**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, 2025, unassigned fund balance of the general fund was a deficit of \$1,007,770.30. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 17, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$1,007,770.30 is less than the last state aid payment.

Note 19: TAX ABATEMENTS

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

The Borough of Clayton has entered into various property tax abatement agreements with properties having aggregate assessed valuations of \$81,579,200.00. Based on the School District's 2025 certified tax rate of \$1.385, abated taxes totaled \$1,129,871.92.

Note 20: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

During the fiscal year ended June 30, 2025, the School District adopted a change in accounting principle because of the implementation of new authoritative pronouncement, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As a result, net position as of July 1, 2024 has been restated. The following table illustrates the restatement.

	Governmental Activities
Beginning Net Position as Previously Reported at July 1, 2024	\$ 17,076,864.85
Prior Period Adjustment:	
Implementation of GASB Statement No. 101:	
Noncurrent Liabilities:	
Compensated Absences	<u>(3,575,989.36)</u>
Net Position as Restated, July 1, 2024	<u>\$ 13,500,875.49</u>

**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, 2025

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 9,367,218.00	\$ -	\$ 9,367,218.00	\$ 9,367,218.00	\$ -
Other Local Government Units - Unrestricted	73,515.00		73,515.00	83,514.91	9,999.91
Tuition From Other LEAs Within the State	242,500.00		242,500.00	122,770.51	(119,729.49)
Transportation Fees - From Other LEAs within State	70,492.00		70,492.00	307,856.51	237,364.51
Unrestricted Miscellaneous Revenues	168,400.00		168,400.00	134,669.40	(33,730.60)
Interest Earned on Capital Reserve				7,523.35	7,523.35
Total - Local Sources	9,922,125.00	-	9,922,125.00	10,023,552.68	101,427.68
State Sources:					
School Choice Aid	76,184.00		76,184.00	76,184.00	
Categorical Transportation Aid	447,521.00		447,521.00	447,521.00	
Extraordinary Aid	236,033.00		236,033.00	519,448.00	283,415.00
Categorical Special Education Aid	1,548,952.00		1,548,952.00	1,548,952.00	
Equalization Aid	17,466,956.00		17,466,956.00	17,466,956.00	
Categorical Security Aid	487,972.00		487,972.00	487,972.00	
Nonpublic School Transportation Aid				12,142.00	12,142.00
Menstrual Product Reimbursement				1,464.00	1,464.00
Payment for Institutionalized Children - Unknown District of Residence				280,221.00	280,221.00
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				3,987,533.00	3,987,533.00
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				49,395.00	49,395.00
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				2,119.00	2,119.00
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				1,179,594.00	1,179,594.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				865,444.43	865,444.43
Total - State Sources	20,263,618.00	-	20,263,618.00	26,924,945.43	6,661,327.43
Federal Sources:					
Medicaid Reimbursement	66,072.00		66,072.00	30,082.34	(35,989.66)
Total - Federal Sources	66,072.00	-	66,072.00	30,082.34	(35,989.66)
Total Revenues	30,251,815.00	-	30,251,815.00	36,978,580.45	6,726,765.45

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Required Supplementary Information
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 327,810.00	\$ 9,292.00	\$ 337,102.00	\$ 337,102.00	\$ -
Grades 1-5	2,129,498.00	(42,512.00)	2,086,986.00	2,052,262.05	34,723.95
Grades 6-8	1,720,192.00	1,620.00	1,721,812.00	1,624,969.18	96,842.82
Grades 9-12	2,074,119.00	(136,885.00)	1,937,234.00	1,874,940.47	62,293.53
Regular Programs - Home Instruction:					
Salaries of Teachers	10,043.00	7,536.00	17,579.00	17,574.50	4.50
Purchased Services	7,300.00	6,100.00	13,400.00	13,400.00	
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	651,514.00	72,589.00	724,103.00	683,957.37	40,145.63
Purchased Technical Services	205,780.00	2,060.00	207,840.00	197,443.84	10,396.16
Other Purchased Services (400-500 series)	4,580.00	350.00	4,930.00	4,104.10	825.90
General Supplies	568,644.00	150,753.00	719,397.00	599,462.78	119,934.22
Textbooks	8,750.00	(4,750.00)	4,000.00	3,519.77	480.23
Other Objects	10,313.00	678.00	10,991.00	10,313.00	678.00
Total Regular Programs	7,718,543.00	66,831.00	7,785,374.00	7,419,049.06	366,324.94
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	62,100.00		62,100.00	62,100.00	
Purchased Professional - Educational Services		43,817.00	43,817.00	40,982.33	2,834.67
Total Learning and/or Language Disabilities	62,100.00	43,817.00	105,917.00	103,082.33	2,834.67
Behavioral Disabilities:					
Salaries of Teachers	83,499.00		83,499.00	83,499.00	
Other Salaries for Instruction	25,295.00		25,295.00	24,550.60	744.40
General Supplies	3,000.00		3,000.00	2,464.57	535.43
Total Behavioral Disabilities	111,794.00	-	111,794.00	110,514.17	1,279.83
Multiple Disabilities:					
Salaries of Teachers	196,810.00	23,000.00	219,810.00	188,139.58	31,670.42
Other Salaries for Instruction	51,141.00	10,624.00	61,765.00	57,899.93	3,865.07
Purchased Services	77,426.00	(33,767.00)	43,659.00	38,347.92	5,311.08
General Supplies	11,994.00	(2,000.00)	9,994.00	7,678.36	2,315.64
Total Multiple Disabilities	337,371.00	(2,143.00)	335,228.00	292,065.79	43,162.21

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2025

	<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):					
Special Education - Instruction (Cont'd):					
Resource Room / Resource Center:					
Salaries of Teachers	\$ 924,255.00	\$ (8,624.00)	\$ 915,631.00	\$ 906,318.00	\$ 9,313.00
Other Salaries for Instruction	23,500.00		23,500.00	4,882.50	18,617.50
Total Resource Room / Resource Center	947,755.00	(8,624.00)	939,131.00	911,200.50	27,930.50
Autism:					
Salaries of Teachers	64,700.00		64,700.00	64,700.00	
Other Salaries for Instruction	48,880.00	2,520.00	51,400.00	35,153.80	16,246.20
Purchased Professional-Educational Services	39,000.00		39,000.00	764.54	38,235.46
General Supplies	2,500.00		2,500.00	2,015.26	484.74
Total Autism	155,080.00	2,520.00	157,600.00	102,633.60	54,966.40
Preschool Disabilities - Full Time:					
Salaries of Teachers	116,881.00		116,881.00	116,881.00	
Other Salaries for Instruction	50,590.00	(2,520.00)	48,070.00	6,782.43	41,287.57
Purchased Professional-Educational Services	86,787.00	(35,470.00)	51,317.00	691.07	50,625.93
General Supplies	5,000.00		5,000.00	2,982.72	2,017.28
Total Preschool Disabilities - Part Time	259,258.00	(37,990.00)	221,268.00	127,337.22	93,930.78
Home Instruction:					
Salaries of Teachers	11,087.00	4,926.00	16,013.00	16,012.50	0.50
Purchase Professional - Educational Services	24,953.00	(300.00)	24,653.00	21,025.00	3,628.00
Total Home Instruction	36,040.00	4,626.00	40,666.00	37,037.50	3,628.50
Total Special Education - Instruction	1,909,398.00	2,206.00	1,911,604.00	1,683,871.11	227,732.89
Basis Skills / Remedial - Instruction:					
Salaries of Teachers	619,608.00	(3,603.00)	616,005.00	529,007.00	86,998.00
Other Salaries	30,116.00		30,116.00	30,116.00	
Total Basis Skills / Remedial - Instruction	649,724.00	(3,603.00)	646,121.00	559,123.00	86,998.00

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2025

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 163,145.00	\$ (74,703.00)	\$ 88,442.00	\$ 48,633.20	\$ 39,808.80
Total Bilingual Education - Instruction	163,145.00	(74,703.00)	88,442.00	48,633.20	39,808.80
School Sponsored Cocurricular Activities - Instruction:					
Salaries	153,544.00	571.00	154,115.00	140,789.00	13,326.00
Purchased Services (300-500 series)	9,656.00	2,660.00	12,316.00	10,829.73	1,486.27
Supplies and Materials	10,417.00	3,500.00	13,917.00	13,917.00	
Other Objects - Cocurricular	9,350.00	385.00	9,735.00	9,735.00	
Total School Sponsored Cocurricular Activities - Instruction	182,967.00	7,116.00	190,083.00	175,270.73	14,812.27
School Sponsored Athletics - Instruction:					
Salaries	284,965.00	32,446.00	317,411.00	317,411.00	
Purchased Services	107,531.00	(12,485.00)	95,046.00	94,984.87	61.13
Supplies and Materials	53,800.00	(111.00)	53,689.00	53,566.79	122.21
Other Objects	48,200.00	(2,800.00)	45,400.00	45,372.18	27.82
Total School Sponsored Athletics - Instruction	494,496.00	17,050.00	511,546.00	511,334.84	211.16
Instructional/Alternative Education Program - Instruction:					
Salaries	30,000.00	14,460.00	44,460.00	44,460.00	
Total Instructional/Alternative Education Program - Instruction	30,000.00	14,460.00	44,460.00	44,460.00	-
Total Instruction	11,148,273.00	29,357.00	11,177,630.00	10,441,741.94	735,888.06
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	72,057.00	(27,203.00)	44,854.00	44,852.88	1.12
Tuition to Other LEA's Within State - Special	15,800.00	174,865.00	190,665.00	190,395.68	269.32
Tuition to County Voc. School Dist.-Regular	119,232.00	10,368.00	129,600.00	129,600.00	
Tuition to CSSD & Reg. Day Schools	1,076,630.00	(127,070.00)	949,560.00	949,559.50	0.50
Tuition to Private Schools for the Disabled - Within State	1,446,907.00	(73,174.00)	1,373,733.00	1,373,130.95	602.05
Total Undistributed Expenditures - Instruction	2,730,626.00	(42,214.00)	2,688,412.00	2,687,539.01	872.99

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2025

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 187,170.00	\$ 9,660.00	\$ 196,830.00	\$ 194,890.00	\$ 1,940.00
Purchased Professional and Technical Services	37,000.00		37,000.00	34,033.50	2,966.50
Other Purchased Services (400-500 series)	2,000.00		2,000.00	1,973.00	27.00
Supplies and Materials	7,701.00	(853.00)	6,848.00	6,451.01	396.99
Menstrual Products		1,464.00	1,464.00	1,463.66	0.34
Total Undistributed Expenditures - Health Services	233,871.00	10,271.00	244,142.00	238,811.17	5,330.83
Undistributed Expenditures - Other Support Services -					
Students - Related Services:					
Salaries	310,479.00	(68,518.00)	241,961.00	241,938.00	23.00
Purchased Professional - Educational Services	28,565.00	43,554.00	72,119.00	71,893.46	225.54
Supplies and Materials	2,500.00	(500.00)	2,000.00	1,220.69	779.31
Total Undistributed Expenditures - Other Support Services -					
Students - Related Services	341,544.00	(25,464.00)	316,080.00	315,052.15	1,027.85
Undistributed Expenditures - Other Support Services -					
Students - Extraordinary:					
Salaries	78,948.00		78,948.00	78,695.00	253.00
Purchased Professional - Educational Services	997,969.00	458,442.00	1,456,411.00	1,456,273.16	137.84
Total Undistributed Expenditures - Other Support Services -					
Students - Extraordinary	1,076,917.00	458,442.00	1,535,359.00	1,534,968.16	390.84
Undistributed Expenditures - Other Support Services -					
Students - Guidance:					
Salaries of Other Professional Staff	776,985.00	(121,647.00)	655,338.00	611,181.48	44,156.52
Salaries of Secretarial and Clerical Assistants	42,646.00		42,646.00	42,644.88	1.12
Purchased Professional - Educational Services	30,500.00	(10,000.00)	20,500.00	20,500.00	
Other Purchased Professional and Technical Services	27,425.00		27,425.00	26,756.47	668.53
Other Purchased Services (400-500 series)	17,500.00	(8,543.00)	8,957.00	5,613.35	3,343.65
Supplies and Materials	11,550.00		11,550.00	9,139.57	2,410.43
Other Objects	1,078.00	12.00	1,090.00	1,090.00	
Total Undistributed Expenditures - Other Support Services -					
Students - Guidance	907,684.00	(140,178.00)	767,506.00	716,925.75	50,580.25

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2025

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Child Study Team:					
Salaries of Other Professional Staff	\$ 444,636.00	\$ (3,675.00)	\$ 440,961.00	\$ 421,061.52	\$ 19,899.48
Salaries of Secretarial and Clerical Assistants	58,772.00		58,772.00	48,607.28	10,164.72
Other Salaries	21,187.00		21,187.00	7,704.86	13,482.14
Purchased Professional - Educational Services	232,113.00	(84,780.00)	147,333.00	131,281.00	16,052.00
Other Purchased Professional and Technical Services	11,000.00	(277.00)	10,723.00	144.00	10,579.00
Other Purchased Services (400-500 series)	20,803.00	277.00	21,080.00	19,891.02	1,188.98
Supplies and Materials	6,500.00	2,500.00	9,000.00	8,628.10	371.90
Other Objects	1,225.00		1,225.00	890.00	335.00
Total Undistributed Expenditures - Other Support Services -					
Students - Child Study Team	796,236.00	(85,955.00)	710,281.00	638,207.78	72,073.22
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	234,694.00	3,106.00	237,800.00	237,798.72	1.28
Salaries of Facilitators, Math & Literacy Coaches	170,972.00		170,972.00	170,972.00	
Purchased Professional / Education Services	4,500.00		4,500.00	3,653.00	847.00
Other Purch Prof. and Tech. Services	19,500.00		19,500.00	19,500.00	
Other Purchased Services	3,000.00		3,000.00		3,000.00
Supplies and Materials	7,300.00		7,300.00	3,658.76	3,641.24
Other Objects	1,840.00		1,840.00	1,780.00	60.00
Total Undistributed Expenditures - Improvement of Instruction Services	441,806.00	3,106.00	444,912.00	437,362.48	7,549.52
Undistributed Expend. - Educational Media Services / School Library:					
Salaries	151,186.00	439.00	151,625.00	151,624.90	0.10
Salaries of Technology Coordinators	129,987.00	4,786.00	134,773.00	134,772.77	0.23
Other Purchased Services	5,200.00	(439.00)	4,761.00	4,565.37	195.63
Supplies and Materials	9,815.00		9,815.00	8,094.55	1,720.45
Total Undistributed Expend. - Educational Media Services / School Library	296,188.00	4,786.00	300,974.00	299,057.59	1,916.41
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services	1,500.00		1,500.00		1,500.00
Supplies and Materials	500.00		500.00		500.00
Total Undistributed Expenditures - Instructional Staff Training Services	2,000.00	-	2,000.00	-	2,000.00

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2025

	<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 - Support Services - General Administration:					
Salaries	\$ 262,782.00	\$ 700.00	\$ 263,482.00	\$ 263,293.68	\$ 188.32
Legal Services	18,500.00	(1,850.00)	16,650.00	16,423.10	226.90
Audit Fees	43,000.00	11,715.00	54,715.00	54,715.00	
Architectural/Engineering Services	5,000.00	14,300.00	19,300.00	7,387.50	11,912.50
Other Purchased Professional Services	14,450.00		14,450.00	13,469.25	980.75
Purchased Technical Services	5,000.00		5,000.00	4,965.00	35.00
Communications / Telephone	109,149.00	(8,680.00)	100,469.00	91,378.16	9,090.84
BOE Other Purchased Services	3,600.00		3,600.00	2,644.43	955.57
Other Purchased Services (400-500 other than 530 & 585)	160,165.00	(21,714.00)	138,451.00	106,953.54	31,497.46
General Supplies	6,000.00		6,000.00	5,214.90	785.10
Miscellaneous Expenditures	22,888.00		22,888.00	19,297.36	3,590.64
Total Undistributed Expenditures - Support Services - General Admin	650,534.00	(5,529.00)	645,005.00	585,741.92	59,263.08
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	592,153.00	8,726.00	600,879.00	592,050.03	8,828.97
Salaries of Other Professional Staff	273,087.00		273,087.00	273,086.88	0.12
Salaries of Secretarial and Clerical Assistants	264,740.00	(360.00)	264,380.00	263,589.63	790.37
Other Purchased Services (400-500 series)	1,500.00	669.00	2,169.00	1,751.04	417.96
Supplies and Materials	13,368.00	(69.00)	13,299.00	10,872.11	2,426.89
Other Objects	6,037.00		6,037.00	5,517.87	519.13
Total Undistributed Expenditures - Support Services - School Administration	1,150,885.00	8,966.00	1,159,851.00	1,146,867.56	12,983.44
Undistributed Expenditures - Central Services:					
Salaries	351,949.00	(5,136.00)	346,813.00	337,182.50	9,630.50
Purchased Professional Services	6,700.00	(2,111.00)	4,589.00	700.00	3,889.00
Purchased Technical Services	30,000.00	10,448.00	40,448.00	40,447.24	0.76
Miscellaneous Purchased Services	1,000.00		1,000.00	808.76	191.24
Supplies and Materials	6,919.00		6,919.00	5,897.38	1,021.62
Miscellaneous Expenditures	6,369.00		6,369.00	3,958.58	2,410.42
Total Undistributed Expenditures - Central Services	402,937.00	3,201.00	406,138.00	388,994.46	17,143.54

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2025

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Administration Information Technology:					
Salaries	\$ 82,689.00	\$ -	\$ 82,689.00	\$ 82,468.84	\$ 220.16
Purchased Technical Services	141,376.00		141,376.00	130,484.92	10,891.08
Other Purchased Services	2,200.00		2,200.00	1,327.00	873.00
Supplies and Materials	19,500.00		19,500.00	10,994.45	8,505.55
Total Undistributed Expenditures - Administration Information Technology	245,765.00	-	245,765.00	225,275.21	20,489.79
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	115,706.00	(3,201.00)	112,505.00	107,662.75	4,842.25
Cleaning, Repair and Maintenance Services	347,417.00	(267,573.00)	79,844.00	41,045.03	38,798.97
General Supplies	42,500.00	7,000.00	49,500.00	48,786.62	713.38
Total Undistributed Expenditures - Required Maintenance for School Facilities	505,623.00	(263,774.00)	241,849.00	197,494.40	44,354.60
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	535,297.00	(110.00)	535,187.00	475,507.72	59,679.28
Salaries of Non-Instructional Aides	83,562.00		83,562.00	42,857.14	40,704.86
Cleaning, Repair and Maintenance Services	56,100.00	26,711.00	82,811.00	48,054.07	34,756.93
Other Purchased Services	36,838.00	110.00	36,948.00	36,947.34	0.66
Insurance	100,050.00	(13,555.00)	86,495.00	86,274.00	221.00
General Supplies	65,800.00	(1,000.00)	64,800.00	61,292.72	3,507.28
Energy (Natural Gas)	275,000.00		275,000.00	103,195.54	171,804.46
Energy (Electricity)	566,500.00	(25,711.00)	540,789.00	400,132.05	140,656.95
Other Objects	2,728.00		2,728.00	1,603.00	1,125.00
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,721,875.00	(13,555.00)	1,708,320.00	1,255,863.58	452,456.42
Undistributed Expenditures - Care & Upkeep of Grounds:					
Salaries	53,416.00		53,416.00	53,415.84	0.16
Cleaning, Repair & Maintenance Services	50,000.00	3,910.00	53,910.00	53,909.84	0.16
General Supplies	268,274.00	(3,910.00)	264,364.00	262,183.84	2,180.16
Total Undistributed Expenditures - Care & Upkeep Grounds	371,690.00	-	371,690.00	369,509.52	2,180.48

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2025

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Security					
Salaries	\$ 81,588.00	\$ 446.00	\$ 82,034.00	\$ 82,034.00	\$ -
Purchased Professional and Technical Services	68,525.00		68,525.00	64,686.78	3,838.22
Cleaning, Repair, and Maintenance	5,000.00	6,266.00	11,266.00		11,266.00
General Supplies	19,318.00	(6,712.00)	12,606.00	8,563.00	4,043.00
Total Undistributed Expenditures - Security	174,431.00	-	174,431.00	155,283.78	19,147.22
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	273,359.00	(91,824.00)	181,535.00	164,967.70	16,567.30
Sal for Pupil Trans (Bet Home & Sch) - Reg.	475,464.00	(203,816.00)	271,648.00	264,108.43	7,539.57
Sal for Pupil Trans (Bet Home & Sch) - Sp Ed	179,568.00	92,305.00	271,873.00	267,133.49	4,739.51
Sal for Pupil Trans (Other than Bet. Home & Sch)	50,000.00	23,696.00	73,696.00	71,643.24	2,052.76
Other Purchased Professional / Technical Services	50,001.00	(10,641.00)	39,360.00	35,222.66	4,137.34
Cleaning, Repair and Maintenance Services	46,327.69	31,417.00	77,744.69	77,743.93	0.76
Lease Purchase Payments - School Buses	113,483.00		113,483.00	113,483.00	
Contracted Services - Aid in Lieu of Payments - NonPub Sch	45,670.00	(17,000.00)	28,670.00	28,509.60	160.40
Contracted Services - Aid in Lieu of Payments - Charter School	9,370.00	2,400.00	11,770.00	11,770.00	
Contracted Services - Aid in Lieu - Choice Students	22,835.00	(12,000.00)	10,835.00	10,593.00	242.00
Contracted Services - (Other than Bet Home & Sch) - Vendors	22,235.00	12,090.00	34,325.00	34,039.53	285.47
Contracted Services - (Between Home and School) - Joint Agreement	188,477.00	96,275.00	284,752.00	284,751.96	0.04
Contracted Services (Special Education Students) - Joint Agreements	347,426.00	160,982.00	508,408.00	504,476.80	3,931.20
Miscellaneous Purchased Services - Transportation	23,060.00		23,060.00	21,901.00	1,159.00
Supplies and Materials	10,005.00		10,005.00	5.85	9,999.15
Transportation Supplies	134,999.00	(500.00)	134,499.00	104,809.82	29,689.18
Other Objects	2,360.00	1,537.00	3,897.00	3,896.68	0.32
Total Undistributed Expenditures - Student Transportation Services	1,994,639.69	84,921.00	2,079,560.69	1,999,056.69	80,504.00
Unallocated Benefits:					
Social Security Contributions	316,000.00	52,747.00	368,747.00	334,622.11	34,124.89
Other Retirement Contributions - PERS	511,881.00	(87,183.00)	424,698.00	413,146.75	11,551.25
Other Retirement Contributions - Regular	19,999.00	(5,000.00)	14,999.00	12,715.05	2,283.95
Unemployment Compensation	60,000.00	10,000.00	70,000.00	64,403.37	5,596.63
Workman's Compensation	159,750.00	(5,916.00)	153,834.00	150,085.92	3,748.08
Health Benefits	4,139,838.00	(129,104.00)	4,010,734.00	3,894,324.66	116,409.34
Tuition Reimbursement	17,500.00	8,922.00	26,422.00	23,921.82	2,500.18
Other Employee Benefits	170,000.00	(15,857.00)	154,143.00	133,749.40	20,393.60
Total Unallocated Benefits	5,394,968.00	(171,391.00)	5,223,577.00	5,026,969.08	196,607.92

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BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2025

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
On-behalf T.P.A.F. Pension Contributions (non-budgeted)	\$ -	\$ -	\$ -	\$ 3,987,533.00	\$ (3,987,533.00)
On-behalf T.P.A.F. Pension - Non-Contributory Insurance (non-budgeted)				49,395.00	(49,395.00)
On-Behalf T.P.A.F. Long-Term Disability Insurance (non-budgeted)				2,119.00	(2,119.00)
On-Behalf T.P.A.F. Post Retirement Medical Contributions (non-budgeted)				1,179,594.00	(1,179,594.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				865,444.43	(865,444.43)
Total On-behalf Contributions	-	-	-	6,084,085.43	(6,084,085.43)
Total Undistributed Expenditures	19,440,219.69	(174,367.00)	19,265,852.69	24,303,065.72	(5,037,213.03)
Total Current Expense	30,588,492.69	(145,010.00)	30,443,482.69	34,744,807.66	(4,301,324.97)
Capital Outlay:					
Equipment:					
Grades 9-12		20,685.00	20,685.00	15,860.63	4,824.37
Undistributed Expenditures:					
Required Maintenance of School Facilities	6,000.00	105,456.00	111,456.00	11,629.17	99,826.83
School Bus - Regular		287,482.00	287,482.00		287,482.00
Total Equipment	6,000.00	413,623.00	419,623.00	27,489.80	392,133.20
Facilities Acquisition and Construction Services:					
Construction Services	141,069.00		141,069.00	141,069.00	
Assessment for Debt Service on SDA Funding	156,872.00		156,872.00	156,872.00	
Total Facilities Acquisition and Construction Services	297,941.00	-	297,941.00	297,941.00	-
Total Capital Outlay	303,941.00	413,623.00	717,564.00	325,430.80	392,133.20
Transfer of Funds to Charter Schools	187,665.00	(18,721.00)	168,944.00	163,330.00	5,614.00
Total Transfer of Funds to Charter Schools	187,665.00	(18,721.00)	168,944.00	163,330.00	5,614.00
Total Expenditures	31,080,098.69	249,892.00	31,329,990.69	35,233,568.46	(3,903,577.77)

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2025

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (828,283.69)</u>	<u>\$ (249,892.00)</u>	<u>\$ (1,078,175.69)</u>	<u>\$ 1,745,011.99</u>	<u>\$ 2,823,187.68</u>
Other Financing Sources (Uses):					
Local Contribution - Transfer to Special Revenue Fund - Inclusion	(242,096.00)		(242,096.00)	(242,096.00)	
Transfer Out - Capital Reserve to Capital Projects Fund	(850,936.00)		(850,936.00)	(850,936.00)	
Transfer In - Capital Projects Fund (Unexpended Capital Projects-Capital Reserve)				131,184.08	131,184.08
Total Other Financing Sources (Uses)	<u>(1,093,032.00)</u>	<u>-</u>	<u>(1,093,032.00)</u>	<u>(961,847.92)</u>	<u>131,184.08</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,921,315.69)	(249,892.00)	(2,171,207.69)	783,164.07	2,954,371.76
Fund Balances, July 1	<u>5,224,783.68</u>	<u>-</u>	<u>5,224,783.68</u>	<u>5,224,783.68</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 3,303,467.99</u></u>	<u><u>\$ (249,892.00)</u></u>	<u><u>\$ 3,053,575.99</u></u>	<u><u>\$ 6,007,947.75</u></u>	<u><u>\$ 2,954,371.76</u></u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 2,517,981.73	
Maintenance Reserve				100,000.00	
Excess Surplus - Current Year				1,201,987.18	
Excess Surplus - Designated for Subsequent Year's Expenditures				607,790.90	
Assigned:					
Other Purposes				479,780.64	
Designated for Subsequent Year's Expenditures				200,000.00	
Unassigned				<u>900,407.30</u>	
				6,007,947.75	
Reconciliation to Governmental Funds Statements(GAAP):					
Proceeds from Financed Purchases (Net of Expenditures)				188,220.50	
Last State Aid Payments Not Recognized on GAAP Basis				<u>(1,908,177.60)</u>	
Fund Balance per Governmental Funds (GAAP)				<u><u>\$ 4,287,990.65</u></u>	

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Other Local Grants	\$ -	\$ 485,085.66	\$ 485,085.66	\$ 369,772.50	\$ (115,313.16)
Student Activities	308,602.00	176,187.24	484,789.24	484,789.24	
Total - Local Sources	308,602.00	661,272.90	969,874.90	854,561.74	(115,313.16)
State Sources:					
NJ Non-Public Nursing	21,060.00		21,060.00	21,060.00	
NJ Non-Public Textbook Aid	8,285.00	(23.64)	8,261.36	8,261.36	
NJ Non-Public Technology	7,938.00	(20.92)	7,917.08	7,917.08	
NJ Non-Public Security	33,210.00	(560.00)	32,650.00	32,650.00	
Chapter 192 - Auxiliary Services	69,033.00	(26,382.39)	42,650.61	42,650.61	
Chapter 193 - Handicapped Services	63,645.00	(8,836.44)	54,808.56	54,808.56	
Preschool Education Aid	2,773,165.00		2,773,165.00	2,640,821.87	(132,343.13)
School Based Youth Service Program	638,353.00	(385,198.00)	253,155.00	253,155.00	
Family Friendly Center		50,041.70	50,041.70	50,041.70	
Local Recreation Improvement Grant		64,000.00	64,000.00	64,000.00	
S.D.A. Capital Maintenance Project		2,385.09	2,385.09	2,385.09	
Total - State Sources	3,614,689.00	(304,594.60)	3,310,094.40	3,177,751.27	(132,343.13)
Federal Sources:					
Title I	248,156.00	121,508.12	369,664.12	308,609.67	(61,054.45)
Title II	38,686.00	56,051.76	94,737.76	62,037.00	(32,700.76)
Title III		5,425.00	5,425.00	5,425.00	
Title IV		29,094.20	29,094.20	21,754.66	(7,339.54)
Title IV - Bipartisan Safer Communities Act - Stronger Connections Grant		582,759.21	582,759.21	393,699.24	(189,059.97)
I.D.E.A., Part B, Basic	405,978.00	44,766.84	450,744.84	356,526.00	(94,218.84)
I.D.E.A., Part B, Preschool		20,217.00	20,217.00	19,062.00	(1,155.00)
21st Century Community Learning Center	250,000.00	131,245.89	381,245.89	292,889.56	(88,356.33)
21st Century Community Learning Center - IDEA		30,000.00	30,000.00	3,165.00	(26,835.00)
Education Stabilization Fund - A.R.P. ESSER:					
A.R.P. ESSER		11,260.64	11,260.64	11,260.64	
Accelerated Learning Coach and Educator Support		14,040.59	14,040.59	14,040.59	
Evidence Based Summer Learning and Enrichment		10,137.64	10,137.64	10,137.64	
Evidence Based Comprehensive Beyond the School Day		4,332.75	4,332.75	4,332.75	
Total - Federal Sources	942,820.00	1,060,839.64	2,003,659.64	1,502,939.75	(500,719.89)
Total Revenues	4,866,111.00	1,417,517.94	6,283,628.94	5,535,252.76	(748,376.18)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	844,508.82	(30,413.07)	814,095.75	757,903.70	56,192.05
Other Salaries for Instruction		252,479.30	252,479.30	226,028.12	26,451.18
Purchased Professional and Technical Services	139,033.78	42,782.06	181,815.84	119,553.82	62,262.02
Other Purchased Services	787,475.31	39,762.69	827,238.00	737,428.07	89,809.93
General Supplies	134,235.51	84,059.15	218,294.66	190,017.41	28,277.25
Other Objects	21,756.42	12,661.58	34,418.00	30,359.91	4,058.09
Total Instruction	1,927,009.84	401,331.71	2,328,341.55	2,061,291.03	267,050.52

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2025

	<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):					
Support Services:					
Salaries Personal Services	\$ 1,177,542.27	\$ 358,529.99	\$ 1,536,072.26	\$ 1,258,409.41	\$ 277,662.85
Personal Services - Employee Benefits	475,033.33	133,899.78	608,933.11	548,518.10	60,415.01
Purchased Professional - Educational Services	244,884.35	111,075.44	355,959.79	300,837.13	55,122.66
Other Purchased Services	278,966.88	47,888.46	326,855.34	280,791.47	46,063.87
Supplies and Materials	38,318.60	66,474.75	104,793.35	75,185.30	29,608.05
Other Objects	28,249.73	37,880.57	66,130.30	53,738.51	12,391.79
Student Activities	308,602.00	142,898.18	451,500.18	451,500.18	
Total Support Services	2,551,597.16	898,647.17	3,450,244.33	2,968,980.10	481,264.23
Facilities Acquisition and Construction Services:					
Instructional Equipment	306,330.00	4,323.00	310,653.00	310,653.00	
Non-Instructional Equipment	323,270.00	79,927.00	403,197.00	403,135.57	61.43
Total Facilities Acquisition and Construction Services	629,600.00	84,250.00	713,850.00	713,788.57	61.43
Total Expenditures	5,108,207.00	1,384,228.88	6,492,435.88	5,744,059.70	748,376.18
Other Financing Sources (Uses):					
Transfer from Operating Budget - Pre K	242,096.00		242,096.00	242,096.00	
Total Outflows	4,866,111.00	1,384,228.88	6,250,339.88	5,501,963.70	748,376.18
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 33,289.06	\$ 33,289.06	33,289.06	\$ -
Fund Balance, July 1				281,028.19	
Fund Balance, June 30				\$ 314,317.25	
Recapitulation:					
Restricted:					
Student Activities				\$ 314,317.25	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2025 Last State Aid Payments not recognized on GAAP Basis				(202,755.40)	
Unearned Fiscal Year 2025 Restricted State Aid Last State Aid Payments Not Recognized on GAAP Basis				202,755.40	
Fund Balance per Governmental Funds (GAAP)				\$ 314,317.25	

BOROUGH OF CLAYTON SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2025

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	\$ 36,978,580.45	\$ 5,535,252.76
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		(680,467.74)
Prior Year		320,069.65
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.		
Current Year		202,755.40
Prior Year		(200,200.00)
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 2024.	1,721,289.00	200,200.00
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 2025.	<u>(1,908,177.60)</u>	<u>(202,755.40)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 36,791,691.85</u>	<u>\$ 5,174,854.67</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 35,233,568.46	\$ 5,744,059.70
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.	311,779.50	
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		(680,467.74)
Prior Year		320,069.65
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 35,545,347.96</u>	<u>\$ 5,383,661.61</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

	Measurement Date Ending June 30,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
School District's Proportion of the Net Pension Liability	0.0312030288%	0.0318054867%	0.0273460641%	0.0257716522%	0.0242655611%
School District's Proportionate Share of the Net Pension Liability	\$ 4,239,882.00	\$ 4,606,826.00	\$ 4,126,898.00	\$ 3,053,039.00	\$ 3,957,078.00
School District's Covered Payroll (Plan Measurement Period)	\$ 2,566,664.00	\$ 2,435,444.00	\$ 2,086,056.00	\$ 1,995,972.00	\$ 1,813,520.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	165.19%	189.16%	197.83%	152.96%	218.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%

	Measurement Date Ending June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's Proportion of the Net Pension Liability	0.0232079509%	0.0228561652%	0.0226114570%	0.0255715502%	0.0243821386%
School District's Proportionate Share of the Net Pension Liability	\$ 4,181,721.00	\$ 4,500,265.00	\$ 5,263,586.00	\$ 7,573,560.00	\$ 5,473,302.00
School District's Covered Payroll (Plan Measurement Period)	\$ 1,719,824.00	\$ 1,664,280.00	\$ 1,625,892.00	\$ 1,874,560.00	\$ 1,756,660.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	243.15%	270.40%	323.74%	404.02%	311.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%

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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 490,959.00	\$ 424,590.00	\$ 425,089.00	\$ 344,847.00	\$ 301,816.00
Contributions in Relation to the Contractually Required Contribution	<u>(490,959.00)</u>	<u>(424,590.00)</u>	<u>(425,089.00)</u>	<u>(344,847.00)</u>	<u>(301,816.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 3,189,605.00	\$ 2,746,629.00	\$ 2,412,471.00	\$ 2,264,025.00	\$ 1,972,500.00
Contributions as a Percentage of School District's Covered Payroll	15.39%	15.46%	17.62%	15.23%	15.30%
	Fiscal Year Ended June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 265,454.00	\$ 225,745.00	\$ 227,345.00	\$ 209,471.00	\$ 227,174.00
Contributions in Relation to the Contractually Required Contribution	<u>(265,454.00)</u>	<u>(225,745.00)</u>	<u>(227,345.00)</u>	<u>(209,471.00)</u>	<u>(227,174.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 1,854,146.00	\$ 1,717,012.00	\$ 1,624,947.00	\$ 1,567,526.00	\$ 1,629,925.00
Contributions as a Percentage of School District's Covered Payroll	14.32%	13.15%	13.99%	13.36%	13.94%

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</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>43,821,339.00</u>	<u>43,874,408.00</u>	<u>45,863,883.00</u>	<u>41,600,903.00</u>	<u>54,273,999.00</u>
	<u>\$ 43,821,339.00</u>	<u>\$ 43,874,408.00</u>	<u>\$ 45,863,883.00</u>	<u>\$ 41,600,903.00</u>	<u>\$ 54,273,999.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 13,097,608.00	\$ 12,243,636.00	\$ 11,656,536.00	\$ 11,841,736.00	\$ 11,224,652.00
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	334.58%	358.34%	393.46%	351.31%	483.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	37.99%	34.68%	32.29%	35.52%	24.60%

	Measurement Date Ending June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</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>48,403,695.00</u>	<u>52,642,031.00</u>	<u>55,321,111.00</u>	<u>63,491,764.00</u>	<u>51,113,899.00</u>
	<u>\$ 48,403,695.00</u>	<u>\$ 52,642,031.00</u>	<u>\$ 55,321,111.00</u>	<u>\$ 63,491,764.00</u>	<u>\$ 51,113,899.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 10,272,036.00	\$ 10,137,752.00	\$ 10,239,960.00	\$ 9,829,000.00	\$ 9,408,144.00
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	471.22%	519.27%	540.25%	645.96%	543.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%

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, 2025

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms:

Chapter 121, P.L. 2023 permits teachers, as well as professional staff members who provide special services, who have retired from TPAF to return to employment for up to two years without reenrollment in the TPAF if employment commences during the 2023-2024 school year.

Changes in Assumptions:

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

Discount Rate				Long-term Expected Rate of Return			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	7.00%	2019	5.60%	2024	7.00%	2019	7.00%
2023	7.00%	2018	4.86%	2023	7.00%	2018	7.00%
2022	7.00%	2017	4.25%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.22%	2021	7.00%	2016	7.65%
2020	5.40%	2015	4.13%	2020	7.00%	2015	7.90%

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

Chapter 249, P.L. 2023 extends provisions of Chapter 498, P.L. 2021 for calendar years 2023 or 2024 to allow for a temporary return to employment by a former employee of the Legislature after retirement from PERS.

Changes in Assumptions:

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

Discount Rate				Long-term Expected Rate of Return			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	7.00%	2019	6.28%	2024	7.00%	2019	7.00%
2023	7.00%	2018	5.66%	2023	7.00%	2018	7.00%
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%

**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 Eight 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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Changes for the Year:				
Service Cost	\$ 2,139,450.00	\$ 1,981,158.00	\$ 2,645,973.00	\$ 2,981,578.00
Interest Cost	1,664,039.00	1,542,253.00	1,096,603.00	1,281,711.00
Changes in Benefit Terms				(52,589.00)
Difference Between Expected and Actual Experience	402,873.00	(37,850.00)	380,157.00	(10,407,423.00)
Changes in Assumptions	3,781,933.00	88,264.00	(11,100,429.00)	48,745.00
Member Contributions	43,515.00	39,522.00	34,846.00	32,767.00
Gross Benefit Payments	(1,270,854.00)	(1,202,212.00)	(1,086,218.00)	(1,009,629.00)
Net Change in Total Non-Employer OPEB Liability	6,760,956.00	2,411,135.00	(8,029,068.00)	(7,124,840.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	43,790,659.00	41,379,524.00	49,408,592.00	56,533,432.00
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$50,551,615.00</u>	<u>\$43,790,659.00</u>	<u>\$41,379,524.00</u>	<u>\$49,408,592.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$14,478,551.00</u>	<u>\$13,463,052.00</u>	<u>\$12,404,671.00</u>	<u>\$11,965,607.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	349.15%	325.27%	333.58%	412.92%

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Changes for the Year:				
Service Cost	\$ 1,623,428.00	\$ 1,534,306.00	\$ 1,738,259.00	\$ 2,097,019.00
Interest Cost	1,278,450.00	1,542,825.00	1,709,899.00	1,477,512.00
Changes in Benefit Terms				
Difference Between Expected and Actual Experience	8,882,420.00	(6,027,896.00)	(5,653,978.00)	
Changes in Assumptions	10,326,715.00	527,471.00	(4,458,674.00)	(6,276,071.00)
Member Contributions	29,831.00	32,191.00	35,907.00	39,678.00
Gross Benefit Payments	(984,201.00)	(1,085,962.00)	(1,038,938.00)	(1,077,534.00)
Net Change in Total Non-Employer OPEB Liability	21,156,643.00	(3,477,065.00)	(7,667,525.00)	(3,739,396.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	35,376,789.00	38,853,854.00	46,521,379.00	50,260,775.00
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$56,533,432.00</u>	<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>\$11,862,499.00</u>	<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	476.57%	316.54%	372.72%	470.17%

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information - Part IV
 Notes to Required Supplementary Information - Part IV
 For the Fiscal Year Ended June 30, 2025

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>
2024	3.93%	2020	2.21%
2023	3.65%	2019	3.50%
2022	3.54%	2018	3.87%
2021	2.16%	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 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine 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, 2025

	Every Student Succeeds Act (E.S.S.A.)					Title IV Bipartisan Safer Communities Act Stronger Connections Grant	I.D.E.A.		Total Brought Forward
	Total	Title I	Title II	Title III	Title IV		Part B Basic	Preschool	
REVENUES:									
Federal Sources	\$ 1,502,939.75	\$ 308,609.67	\$ 62,037.00	\$ 5,425.00	\$ 21,754.66	\$ 393,699.24	\$ 356,526.00	\$ 19,062.00	\$ 335,826.18
State Sources	3,177,751.27								3,177,751.27
Local Sources	854,561.74								854,561.74
Total Revenues	5,535,252.76	308,609.67	62,037.00	5,425.00	21,754.66	393,699.24	356,526.00	19,062.00	4,368,139.19
EXPENDITURES:									
Instruction:									
Salaries of Teachers	757,903.70								757,903.70
Other Salaries for Instruction	226,028.12	201,546.12		2,420.00	3,000.00			19,062.00	-
Purchased Professional and Technical Services	119,553.82	61,092.60			8,452.00		44,309.22		5,700.00
Other Purchased Services	737,428.07			3,000.00		7,120.93	312,216.78		415,090.36
General Supplies	190,017.41	39,649.95		5.00	3,173.71	5,248.77			141,939.98
Other Objects	30,359.91				6,953.00				23,406.91
Total Instruction	2,061,291.03	302,288.67	-	5,425.00	21,578.71	12,369.70	356,526.00	19,062.00	1,344,040.95
Support Services:									
Salaries Personal Services	1,258,409.41		36,861.25			221,156.79			1,000,391.37
Personal Services - Employee Benefits	548,518.10		810.71		175.95	83,081.76			464,449.68
Purchased Professional - Educational Services	300,837.13	6,321.00	14,195.00			24,050.00			256,271.13
Other Purchased Services	280,791.47		6,331.39			12,325.50			262,134.58
Supplies and Materials	75,185.30		2,818.65			26,002.29			46,364.36
Other Objects	53,738.51		1,020.00			6,774.20			45,944.31
Student Activities	451,500.18								451,500.18
Total Support Services	2,968,980.10	6,321.00	62,037.00	-	175.95	373,390.54	-	-	2,527,055.61
Facilities Acquisition and Construction Services:									
Instructional Equipment	310,653.00								310,653.00
Non-Instructional Equipment	403,135.57					7,939.00			395,196.57
Total Facilities Acquisition and Construction Services	713,788.57	-	-	-	-	7,939.00	-	-	705,849.57
Total Expenditures	5,744,059.70	308,609.67	62,037.00	5,425.00	21,754.66	393,699.24	356,526.00	19,062.00	4,576,946.13
Other Financing Sources (Uses):									
Transfer from Operating Budget - Pre K	242,096.00	-	-	-	-	-	-	-	242,096.00
Total Expenditures and Other Financing Sources (Uses)	5,501,963.70	308,609.67	62,037.00	5,425.00	21,754.66	393,699.24	356,526.00	19,062.00	4,334,850.13
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,289.06	-	-	-	-	-	-	-	33,289.06
Fund Balance, July 1	281,028.19	-	-	-	-	-	-	-	281,028.19
Fund Balance, June 30	\$ 314,317.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,317.25

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2025

			21st Century Community Learning Center IDEA	Education Stabilization Fund					
	Total Carried Forward	21st Century Community Learning Center	21st Century Community Learning Center IDEA	ARP ESSER	ARP ESSER Accelerated Learning Coach	ARP ESSER Evidence Based Summer Learning	ARP ESSER Evidence Based Comprehensive Beyond the School Day	Local Recreation Improvement	Total Brought Forward
REVENUES:									
Federal Sources	\$ 335,826.18	\$ 292,889.56	\$ 3,165.00	\$ 11,260.64	\$ 14,040.59	\$ 10,137.64	\$ 4,332.75	\$ -	\$ -
State Sources	3,177,751.27							64,000.00	3,113,751.27
Local Sources	854,561.74							7,926.57	846,635.17
Total Revenues	4,368,139.19	292,889.56	3,165.00	11,260.64	14,040.59	10,137.64	4,332.75	71,926.57	3,960,386.44
EXPENDITURES:									
Instruction:									
Salaries of Teachers	757,903.70	74,128.25	3,165.00		14,040.59	6,626.50			659,943.36
Other Salaries for Instruction	-								-
Purchased Professional and Technical Services	5,700.00	5,700.00							-
Other Purchased Services	415,090.36								415,090.36
General Supplies	141,939.98	16,288.85		11,260.64		3,511.14	9.75		110,869.60
Other Objects	23,406.91	12,753.36							10,653.55
Total Instruction	1,344,040.95	108,870.46	3,165.00	11,260.64	14,040.59	10,137.64	9.75	-	1,196,556.87
Support Services:									
Salaries Personal Services	1,000,391.37	120,603.49							879,787.88
Personal Services - Employee Benefits	464,449.68	31,266.75							433,182.93
Purchased Professional - Educational Services	256,271.13	12,000.00							244,271.13
Other Purchased Services	262,134.58	19,981.57							242,153.01
Supplies and Materials	46,364.36	167.29							46,197.07
Other Objects	45,944.31								45,944.31
Student Activities	451,500.18								451,500.18
Total Support Services	2,527,055.61	184,019.10	-	-	-	-	-	-	2,343,036.51
Facilities Acquisition and Construction Services:									
Instructional Equipment	310,653.00						4,323.00		306,330.00
Non-Instructional Equipment	395,196.57							71,926.57	323,270.00
Total Facilities Acquisition and Construction Services	705,849.57	-	-	-	-	-	4,323.00	71,926.57	629,600.00
Total Expenditures	4,576,946.13	292,889.56	3,165.00	11,260.64	14,040.59	10,137.64	4,332.75	71,926.57	4,169,193.38
Other Financing Sources (Uses):									
Transfer from Operating Budget - Pre K	242,096.00	-	-	-	-	-	-	-	242,096.00
Total Expenditures and Other Financing Sources (Uses)	4,334,850.13	292,889.56	3,165.00	11,260.64	14,040.59	10,137.64	4,332.75	71,926.57	3,927,097.38
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,289.06	-	-	-	-	-	-	-	33,289.06
Fund Balance, July 1	281,028.19	-	-	-	-	-	-	-	281,028.19
Fund Balance, June 30	\$ 314,317.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,317.25

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2025

	Total Carried Forward	School Based Youth Base Grant	School Based Youth Family Friendly	Preschool Education Aid	Nonpublic Textbook Aid	Nonpublic Nursing Services Aid	Nonpublic Technology Aid	Nonpublic Security Aid	Total Brought Forward
REVENUES:									
Federal Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	3,113,751.27	253,155.00	50,041.70	2,640,821.87	8,261.36	21,060.00	7,917.08	32,650.00	99,844.26
Local Sources	846,635.17								846,635.17
Total Revenues	3,960,386.44	253,155.00	50,041.70	2,640,821.87	8,261.36	21,060.00	7,917.08	32,650.00	946,479.43
EXPENDITURES:									
Instruction:									
Salaries of Teachers	659,943.36			659,943.36					-
Other Salaries for Instruction	-								-
Purchased Professional and Technical Services	-								-
Other Purchased Services	415,090.36			415,090.36					-
General Supplies	110,869.60			102,952.52			7,917.08		-
Other Objects	10,653.55			10,653.55					-
Total Instruction	1,196,556.87	-	-	1,188,639.79	-	-	7,917.08	-	-
Support Services:									
Salaries Personal Services	879,787.88	179,763.48	36,020.00	492,374.47					171,629.93
Personal Services - Employee Benefits	433,182.93	57,382.73	2,221.02	307,861.27					65,717.91
Purchased Professional - Educational Services	244,271.13	2,355.91	4,319.85	14,321.34	8,261.36	21,060.00		32,650.00	161,302.67
Other Purchased Services	242,153.01			238,728.68					3,424.33
Supplies and Materials	46,197.07	1,445.95	7,480.83	9,578.32					27,691.97
Other Objects	45,944.31	12,206.93		1,814.00					31,923.38
Student Activities	451,500.18								451,500.18
Total Support Services	2,343,036.51	253,155.00	50,041.70	1,064,678.08	8,261.36	21,060.00	-	32,650.00	913,190.37
Facilities Acquisition and Construction Services:									
Instructional Equipment	306,330.00			306,330.00					-
Non-Instructional Equipment	323,270.00			323,270.00					-
Total Facilities Acquisition and Construction Services	629,600.00	-	-	629,600.00	-	-	-	-	-
Total Expenditures	4,169,193.38	253,155.00	50,041.70	2,882,917.87	8,261.36	21,060.00	7,917.08	32,650.00	913,190.37
Other Financing Sources (Uses):									
Transfer from Operating Budget - Pre K	242,096.00	-	-	242,096.00	-	-	-	-	-
Total Expenditures and Other Financing Sources (Uses)	3,927,097.38	253,155.00	50,041.70	2,640,821.87	8,261.36	21,060.00	7,917.08	32,650.00	913,190.37
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,289.06	-	-	-	-	-	-	-	33,289.06
Fund Balance, July 1	281,028.19	-	-	-	-	-	-	-	281,028.19
Fund Balance, June 30	\$ 314,317.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,317.25

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2025

	Chapter 192 Auxiliary Services				Chapter 193 Handicap Services			S.D.A. Capital Maintenance Project	Total Brought Forward
	Total Carried Forward	Compensatory Education	E.S.L	Transportation	Exams and Class	Corrective Speech	Supplementary Instruction		
REVENUES:									
Federal Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	99,844.26	36,067.20	1,677.51	4,905.90	16,689.36	24,738.00	13,381.20	2,385.09	-
Local Sources	846,635.17								846,635.17
Total Revenues	946,479.43	36,067.20	1,677.51	4,905.90	16,689.36	24,738.00	13,381.20	2,385.09	846,635.17
EXPENDITURES:									
Instruction:									
Salaries of Teachers	-								-
Other Salaries for Instruction	-								-
Purchased Professional and Technical Services	-								-
Other Purchased Services	-								-
General Supplies	-								-
Other Objects	-								-
Total Instruction	-	-	-	-	-	-	-	-	-
Support Services:									
Salaries Personal Services	171,629.93								171,629.93
Personal Services - Employee Benefits	65,717.91								65,717.91
Purchased Professional - Educational Services	161,302.67	36,067.20	1,677.51	4,905.90	16,689.36	24,738.00	13,381.20		63,843.50
Other Purchased Services	3,424.33							2,385.09	1,039.24
Supplies and Materials	27,691.97								27,691.97
Other Objects	31,923.38								31,923.38
Student Activities	451,500.18								451,500.18
Total Support Services	913,190.37	36,067.20	1,677.51	4,905.90	16,689.36	24,738.00	13,381.20	2,385.09	813,346.11
Facilities Acquisition and Construction Services:									
Instructional Equipment	-								-
Non-Instructional Equipment	-								-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-
Total Expenditures	913,190.37	36,067.20	1,677.51	4,905.90	16,689.36	24,738.00	13,381.20	2,385.09	813,346.11
Other Financing Sources (Uses):									
Transfer from Operating Budget - Pre K	-	-	-	-	-	-	-	-	-
Total Expenditures and Other Financing Sources (Uses)	913,190.37	36,067.20	1,677.51	4,905.90	16,689.36	24,738.00	13,381.20	2,385.09	813,346.11
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,289.06	-	-	-	-	-	-	-	33,289.06
Fund Balance, July 1	281,028.19	-	-	-	-	-	-	-	281,028.19
Fund Balance, June 30	\$ 314,317.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,317.25

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2025

	Total Carried Forward	Student Activities	Tree Grant	NJSIG Safety Grant	Clayton Model	Wellness Grant
REVENUES:						
Federal Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-					
Local Sources	846,635.17	484,789.24	2,700.00	1,878.00	351,270.16	5,997.77
Total Revenues	846,635.17	484,789.24	2,700.00	1,878.00	351,270.16	5,997.77
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-					
Other Salaries for Instruction	-					
Purchased Professional and Technical Services	-					
Other Purchased Services	-					
General Supplies	-					
Other Objects	-					
Total Instruction	-	-	-	-	-	-
Support Services:						
Salaries Personal Services	171,629.93		1,500.00		168,679.93	1,450.00
Personal Services - Employee Benefits	65,717.91				65,717.91	
Purchased Professional - Educational Services	63,843.50			1,878.00	61,965.50	
Other Purchased Services	1,039.24				1,039.24	
Supplies and Materials	27,691.97		1,200.00		21,944.20	4,547.77
Other Objects	31,923.38				31,923.38	
Student Activities	451,500.18	451,500.18				
Total Support Services	813,346.11	451,500.18	2,700.00	1,878.00	351,270.16	5,997.77
Facilities Acquisition and Construction Services:						
Instructional Equipment	-					
Non-Instructional Equipment	-					
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-
Total Expenditures	813,346.11	451,500.18	2,700.00	1,878.00	351,270.16	5,997.77
Other Financing Sources (Uses):						
Transfer from Operating Budget - Pre K	-	-		-	-	-
Total Expenditures and Other Financing Sources (Uses)	813,346.11	451,500.18	2,700.00	1,878.00	351,270.16	5,997.77
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,289.06	33,289.06	-	-	-	-
Fund Balance, July 1	281,028.19	281,028.19	-	-	-	-
Fund Balance, June 30	\$ 314,317.25	\$ 314,317.25	\$ -	\$ -	\$ -	\$ -

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule - Budgetary Basis
For the Fiscal Year Ended June 30, 2025

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 659,944.00	\$ 659,943.36	\$ 0.64
Other Purchased Services (400-500 series)	415,091.00	415,090.36	0.64
General Supplies	103,351.00	102,952.52	398.48
Other Objects	13,500.00	10,653.55	2,846.45
Total Instruction	<u>1,191,886.00</u>	<u>1,188,639.79</u>	<u>3,246.21</u>
Support Services:			
Salaries of Supervisors of Instruction	110,719.00	103,389.31	7,329.69
Salaries of Program Director	32,142.00	21,653.36	10,489
Salaries of Other Professional Staff	161,610.00	161,609.25	0.75
Salaries of Secretaries and Clerical Assistants	58,706.00	58,705.10	0.90
Other Salaries	48,320.00	48,319.08	0.92
Salaries of Community Parent Involvement Spec.	23,447.00		23,447.00
Salaries of Master Teachers	142,508.00	98,698.37	43,809.63
Personal Services - Employee Benefits	322,154.00	307,861.27	14,292.73
Other Purchased Professional Services	14,818.00	14,321.34	496.66
Cleaning, Repair & Maintenance Svcs.	93,141.00	93,140.40	0.60
Contracted Services - Transportation (Bet. Home & School)	50,000.00	50,000.00	
Contracted Services - Transportation (Field Trips)	6,000.00	1,565.00	4,435.00
Travel	3,000.00	349.28	2,650.72
Miscellaneous Purchased Services	112,710.00	93,674.00	19,036.00
Supplies and Materials	12,500.00	9,578.32	2,921.68
Other Objects	2,000.00	1,814.00	186.00
Total Support Services	<u>1,193,775.00</u>	<u>1,064,678.08</u>	<u>129,096.92</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment	306,330.00	306,330.00	
Noninstructional Equipment	323,270.00	323,270.00	
Total Facilities Acquisition and Construction Services	<u>629,600.00</u>	<u>629,600.00</u>	<u>-</u>
Total Expenditures	<u>\$ 3,015,261.00</u>	<u>\$ 2,882,917.87</u>	<u>\$ 132,343.13</u>

Calculation of Budget and Carryover

Total Revised 2024-2025 Preschool Education Aid Allocation	\$ 2,027,554.00
Add: Actual ECPA Carryover (June 30, 2024)	1,059,549.79
Add: Budgeted Local Revenue	-
Add: Budgeted Transfer from the General Fund 2024-2025	<u>242,096.00</u>
Total Preschool Education Aid Funds Available for 2024-2025 Budget	3,329,199.79
Less: 2024-2025 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(3,015,261.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2025	313,938.79
Add: 2024-2025 Unexpended Preschool Education Aid	132,343.13
Less: 2024-2025 Commissioner Approved Transfer to General Fund	<u>-</u>
2024-2025 Carryover -- Preschool Education Aid	<u>\$ 446,281.92</u>
2024-2025 Preschool Education Aid Carryover Budgeted in 2025-2026	<u>\$ 313,938.00</u>

CAPITAL PROJECTS FUND

BOROUGH OF CLAYTON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2025

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2025</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Clayton High School Boilers and Domestic HW Heaters	March 14, 2024	\$ 1,176,673.40	\$ 69,728.00	\$ 1,106,945.40	\$ -
Herma S. Simmons Elementary School Boilers and Domestic HW Heaters	March 14, 2024	<u>873,154.73</u>	<u>51,742.20</u>	<u>821,412.53</u>	
		<u><u>\$ 2,049,828.13</u></u>	<u><u>\$ 121,470.20</u></u>	<u><u>\$ 1,928,357.93</u></u>	<u><u>\$ -</u></u>

BOROUGH OF CLAYTON SCHOOL DISTRICT

Capital Projects Fund

Summary Schedule of Revenue, Expenditure, and Change in Fund Balances - Budgetary Basis
For the Fiscal Year Ended June 30, 2025**Revenues and Other Financing Sources**

Transfer from Capital Reserve	\$ 850,936.00
-------------------------------	---------------

Total Revenues	<u>850,936.00</u>
----------------	-------------------

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	30,367.60
Construction Services	<u>1,897,990.33</u>

Total Expenditures	<u>1,928,357.93</u>
--------------------	---------------------

Other Financing Uses:

Cancellation of SDA Grant	242,422.79
Transfer to General Fund - Capital Reserve	<u>131,184.08</u>

Total Other Financing Uses	<u>373,606.87</u>
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Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,451,028.80)
---	----------------

Fund Balance - July 1	<u>1,451,028.80</u>
-----------------------	---------------------

Fund Balance - June 30	<u><u>\$ -</u></u>
------------------------	--------------------

Note: For F-2 Exhibits, SDA Grant awards are recognized as revenue and encumbrances are not included in expenditures.

BOROUGH OF CLAYTON SCHOOL DISTRICT

Capital Projects Fund

Statement of Project Revenues, Expenditures, Project Balance and Project Status

Clayton High School Boilers and Domestic HW Heaters

From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Prior Years</u>	<u>Current Year</u>	<u>Other Financing Uses</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 863,201.00	\$ -	\$ (99,690.58)	\$ 763,510.42	\$ 763,510.42
Transfer from Capital Reserve		467,109.00	(53,946.02)	413,162.98	413,162.98
Total Revenues	863,201.00	467,109.00	(153,636.60)	1,176,673.40	1,176,673.40
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	69,728.00	17,432.00		87,160.00	87,160.00
Construction Services		1,089,513.40		1,089,513.40	1,089,513.40
Total Expenditures	69,728.00	1,106,945.40	-	1,176,673.40	1,176,673.40
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 793,473.00	\$ (639,836.40)	\$ (153,636.60)	\$ -	\$ -

Additional Project Information:

Project Number	0860-030-23-G5DP
Grant Date	March 14, 2024
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,330,310.00
Changes to Authorized Cost	\$ (153,636.60)
Revised Authorized Cost	\$ 1,176,673.40

Percentage Change over Original Authorized Cost	-12%
Percentage Completion	100%
Original Target Completion Date	June 30, 2025
Revised Target Completion Date	N/A

BOROUGH OF CLAYTON SCHOOL DISTRICT

Capital Projects Fund

Statement of Project Revenues, Expenditures, Project Balance and Project Status

Herma S. Simmons Elementary School Boilers and Domestic HW Heaters

From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Prior Years</u>	<u>Current Year</u>	<u>Other Financing Uses</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 709,298.00	\$ -	\$ (142,732.21)	\$ 566,565.79	\$ 566,565.79
Transfer from Capital Reserve		383,827.00	(77,238.06)	306,588.94	306,588.94
Total Revenues	709,298.00	383,827.00	(219,970.27)	873,154.73	873,154.73
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	51,742.20	12,935.60		64,677.80	64,677.80
Construction Services		808,476.93		808,476.93	808,476.93
Total Expenditures	51,742.20	821,412.53	-	873,154.73	873,154.73
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 657,555.80	\$ (437,585.53)	\$ (219,970.27)	\$ -	\$ -

Additional Project Information:

Project Number	0860-040-23-G5DQ
Grant Date	March 14, 2024
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,093,125.00
Changes to Authorized Cost	\$ (219,970.27)
Revised Authorized Cost	\$ 873,154.73
Percentage Change over Original Authorized Cost	-20%
Percentage Completion	100%
Original Target Completion Date	June 30, 2025
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

BOROUGH OF CLAYTON SCHOOL DISTRICT

Proprietary Funds
Statement of Net Position
June 30, 2025

Business-Type Activities -
Enterprise Fund

	<u>Food Service</u>	<u>Performing Arts Center</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 163,275.12	\$ 57,948.94	\$ 221,224.06
Accounts Receivable:			
Federal	33,619.30		33,619.30
State	3,291.50		3,291.50
Other, Net	50.50		50.50
Inventories	<u>13,535.39</u>		<u>13,535.39</u>
Total Current Assets	<u>213,771.81</u>	<u>57,948.94</u>	<u>271,720.75</u>
Noncurrent Assets:			
Equipment	558,163.42	14,632.22	572,795.64
Less Accumulated Depreciation	<u>(363,127.14)</u>	<u>(1,016.13)</u>	<u>(364,143.27)</u>
Total Noncurrent Assets	<u>195,036.28</u>	<u>13,616.09</u>	<u>208,652.37</u>
Total Assets	<u>408,808.09</u>	<u>71,565.03</u>	<u>480,373.12</u>
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	10,064.26		10,064.26
Interfunds Accounts Payable	<u>5,000.00</u>		<u>5,000.00</u>
Total Current Liabilities	<u>15,064.26</u>	<u>-</u>	<u>15,064.26</u>
NET POSITION:			
Net Investment in Capital Assets	195,036.28	13,616.09	208,652.37
Unrestricted	<u>198,707.55</u>	<u>57,948.94</u>	<u>256,656.49</u>
Total Net Position	<u>\$ 393,743.83</u>	<u>\$ 71,565.03</u>	<u>\$ 465,308.86</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, 2025

	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	\$ 67,894.79	\$ -	\$ 67,894.79
Daily Sales - Non-Reimbursable Programs	81,847.10		81,847.10
Rent		28,727.25	28,727.25
Total Operating Revenues	<u>149,741.89</u>	<u>28,727.25</u>	<u>178,469.14</u>
OPERATING EXPENSES:			
Salaries	338,564.98	9,478.07	348,043.05
Employee Benefits	71,871.91		71,871.91
Purchased Professional/Technical Services	71,980.00		71,980.00
Other Purchased Services	34,233.00	2,735.56	36,968.56
Supplies and Materials	39,006.26	5,245.49	44,251.75
Cost of Sales - Reimbursable Programs	340,627.78		340,627.78
Cost of Sales - Non-Reimbursable Programs	33,445.16		33,445.16
Miscellaneous	10.50		10.50
Depreciation	25,239.01	1,016.13	26,255.14
Total Operating Expenses	<u>954,978.60</u>	<u>18,475.25</u>	<u>973,453.85</u>
Operating Income (Loss)	<u>(805,236.71)</u>	<u>10,252.00</u>	<u>(794,984.71)</u>
NONOPERATING REVENUES:			
State Sources:			
State School Lunch Program	35,228.71		35,228.71
State School Breakfast Program	15,054.35		15,054.35
Summer EBT Program for Children	321.50		321.50
Federal Sources:			
National School Lunch Program - HHFKA	11,790.72		11,790.72
National School Lunch Program	435,851.91		435,851.91
National School Lunch Program - Snacks Program	8,997.36		8,997.36
National School Breakfast Program	141,049.38		141,049.38
Summer EBT Program for Children	321.50		321.50
Local Food for Schools Cooperative Program	4,117.42		4,117.42
Food Distribution Program	68,090.88		68,090.88
Total Nonoperating Revenues	<u>720,823.73</u>	<u>-</u>	<u>720,823.73</u>
Change in Net Position	(84,412.98)	10,252.00	(74,160.98)
Total Net Position -- July 1	<u>478,156.81</u>	<u>61,313.03</u>	<u>539,469.84</u>
Total Net Position -- June 30	<u>\$ 393,743.83</u>	<u>\$ 71,565.03</u>	<u>\$ 465,308.86</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund		
	Food Service	Performing Arts Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 187,169.19	\$ 28,727.25	\$ 215,896.44
Payments to Employees	(338,564.98)	(11,511.53)	(350,076.51)
Payments for Employee Benefits	(71,871.91)		(71,871.91)
Payments to Suppliers	(509,662.14)	(7,981.05)	(517,643.19)
Net Cash Provided By (Used For) Operating Activities	(732,929.84)	9,234.67	(723,695.17)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash Received from State and Federal Reimbursements	636,733.33		636,733.33
Cash Paid to State for Overpayment of Subsidy Reimbursements	(35,357.20)		(35,357.20)
Net Cash Provided By (Used For) Non-Capital Financing Activities	601,376.13	-	601,376.13
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	(6,031.00)	(14,632.22)	(20,663.22)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(6,031.00)	(14,632.22)	(20,663.22)
Net Increase (Decrease) in Cash and Cash Equivalents	(137,584.71)	(5,397.55)	(142,982.26)
Cash and Cash Equivalents -- July 1	300,859.83	63,346.49	364,206.32
Cash and Cash Equivalents -- June 30	\$ 163,275.12	\$ 57,948.94	\$ 221,224.06
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating Income (Loss)	\$ (805,236.71)	\$ 10,252.00	\$ (794,984.71)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Depreciation	25,239.01	1,016.13	26,255.14
Food Distribution Program	68,090.88		68,090.88
(Increase) Decrease in Accounts Receivable Other	34,034.29		34,034.29
(Increase) Decrease in Inventories	(6,566.72)		(6,566.72)
Increase (Decrease) in Accounts Payable	(51,883.60)	(2,033.46)	(53,917.06)
Increase (Decrease) in Unearned Revenue	3,393.01		3,393.01
Total Adjustments	72,306.87	(1,017.33)	71,289.54
Net Cash Provided By (Used For) Operating Activities	\$ (732,929.84)	\$ 9,234.67	\$ (723,695.17)

LONG-TERM DEBT

BOROUGH OF CLAYTON SCHOOL DISTRICT

Schedule of Serial Bonds

For the Fiscal Year Ended June 30, 2025

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2024	Retired	Balance June 30, 2025
			Date	Amount				
Serial Bonds:								
School Bond - Series 2015	3/18/15	\$ 9,730,000.00	3/1/26	\$ 370,000.00	3.125%	\$ 7,280,000.00	\$ 355,000.00	\$ 6,925,000.00
			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	9/1/25	440,000.00	2.000%	5,795,000.00	420,000.00	5,375,000.00
			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%			
						\$ 13,075,000.00	\$ 775,000.00	\$ 12,300,000.00
Unamortized Premium								424,947.43
								\$ 12,724,947.43

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Obligations Under Leases
For the Fiscal Year Ended June 30, 2025

<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, 2024 (a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2025 (a)</u>
			<u>Principal</u>	<u>Interest</u>					
Copiers Lease	11/1/2022	4 yrs.	\$ 252,152.53	\$ 22,506.83	4.254%	<u>\$ 152,266.47</u>	<u>\$ -</u>	<u>\$ 63,414.36</u>	<u>\$ 88,852.11</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2025

	<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	\$ 1,109,779.00	\$ -	\$ 1,109,779.00	\$ 1,109,779.00	\$ -
State Sources:					
Debt Service Aid Type II	<u>112,603.00</u>		<u>112,603.00</u>	<u>112,603.00</u>	<u>-</u>
Total Revenues	<u>1,222,382.00</u>	<u>-</u>	<u>1,222,382.00</u>	<u>1,222,382.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	447,382.00		447,382.00	447,381.26	0.74
Redemption of Principal	<u>775,000.00</u>		<u>775,000.00</u>	<u>775,000.00</u>	
Total Expenditures	<u>1,222,382.00</u>	<u>-</u>	<u>1,222,382.00</u>	<u>1,222,381.26</u>	<u>0.74</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	0.74	0.74
Fund Balance, July 1	<u>2.00</u>		<u>2.00</u>	<u>2.00</u>	
Fund Balance, June 30	<u>\$ 2.00</u>	<u>\$ -</u>	<u>\$ 2.00</u>	<u>\$ 2.74</u>	<u>\$ 0.74</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,									
	2025***	2024	2023	2022**	2021*	2020	2019	2018	2017	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 19,558,545.01	\$ 18,086,394.74	\$ 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
Restricted	4,742,079.80	4,328,777.75	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
Unrestricted (Deficit)	(9,024,398.74)	(5,338,307.64)	(4,142,373.13)	(4,401,850.02)	(5,365,144.00)	(6,417,876.00)	(6,202,285.00)	(6,096,211.00)	(6,060,518.00)	(5,401,545.00)
Total Governmental Activities Net Position	<u>\$ 15,276,226.07</u>	<u>\$ 17,076,864.85</u>	<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>
Business-type Activities										
Net Investment in Capital Assets	\$ 208,652.37	\$ 214,244.29	\$ 239,273.12	\$ 93,877.00	\$ 63,828.00	\$ 72,807.00	\$ 72,807.00	\$ 93,227.00	\$ 105,535.00	\$ 109,568.00
Unrestricted	256,656.49	325,225.55	323,614.26	457,931.93	494,929.00	115,185.00	113,610.00	142,577.00	154,652.00	141,153.00
Total Business-type Activities Net Position	<u>\$ 465,308.86</u>	<u>\$ 539,469.84</u>	<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>
District-wide										
Net Investment in Capital Assets	\$ 19,767,197.38	\$ 18,300,639.03	\$ 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
Restricted	4,742,079.80	4,328,777.75	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
Unrestricted (Deficit)	(8,767,742.25)	(5,013,082.09)	(3,818,758.87)	(3,943,918.09)	(4,870,215.00)	(6,302,691.00)	(6,088,675.00)	(5,953,634.00)	(5,905,866.00)	(5,260,392.00)
Total District-wide Net Position	<u>\$ 15,741,534.93</u>	<u>\$ 17,616,334.69</u>	<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>

* 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.

*** For the fiscal year ended June 30, 2025, the School District adopted GASB No. 101, which required the School District to measure and recognize additional compensated absences liabilities not previously reported under prior guidance. Balances prior to June 30, 2025 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,									
	<u>2025***</u>	<u>2024</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>
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,376,041.87	\$ 9,451,919.47	\$ 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
Special Education	1,683,871.11	1,813,442.51	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
Other Instruction	1,338,821.77	1,465,300.61	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
Support Services:										
Tuition	2,687,539.01	2,036,821.12	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
Student & Instruction Related Services	6,734,607.09	5,972,390.73	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
General Administrative Services	736,311.88	579,316.61	514,847.40	482,511.57	484,989.00	475,209.00	475,705.00	490,636.00	466,160.00	467,282.00
School Administrative Services	1,146,867.56	1,087,906.98	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
Central Services	388,994.46	342,418.13	322,491.78	325,190.66	340,313.00	341,730.00	321,016.40	317,920.00	279,232.00	276,765.00
Administrative Information Technology	161,860.85	91,460.67	134,030.58	166,384.39	161,357.00	163,941.00	128,079.14	120,593.00	125,496.00	100,457.00
Plant Operations and Maintenance	3,578,652.08	3,906,259.21	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
Pupil Transportation	1,897,236.20	1,717,565.52	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
Special Schools	163,330.00	152,775.00	162,404.00	18,639.00						
Unallocated Benefits	8,866,355.87	8,476,303.82	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
Interest on Long-term Debt	544,412.20	585,956.95	625,858.23	592,753.23	453,394.00	830,170.00	792,683.00	812,537.00	989,537.00	581,074.00
Total Governmental Activities Expenses	39,304,901.95	37,679,837.33	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
Business-type Activities:										
Food Service	954,978.80	889,074.54	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
Performing Arts Center	18,475.25	13,009.04	24,089.31	25,025.96	22,380.00					
Total Business-type Activities Expense	973,453.85	902,083.58	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
Total District Expenses	40,278,355.80	38,581,920.91	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
Program Revenues										
Governmental Activities:										
Charges for Services	915,416.26	1,090,155.64	392,300.85	288,290.52	423,025.00	201,051.00	201,051.00	195,207.00	185,006.00	302,426.00
Operating Grants and Contributions	7,573,088.81	8,286,960.67	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
Capital Grants and Contributions	1,462,158.56	646,950.83	992,921.33	702,048.82						
Total Governmental Activities Program Revenues	9,950,663.63	10,024,067.14	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
Business-Type Activities:										
Charges for Services										
Food Service	149,741.89	257,853.73	203,341.78	92,542.15	6,932.00	173,364.00	173,364.00	242,594.00	224,722.00	217,356.00
Performing Arts Center	28,727.25	9,140.70	32,732.59	36,679.31	67,265.00					
Operating Grants and Contributions										
Food Service	720,823.73	611,671.61	640,129.25	897,784.50	815,243.00	406,001.00	404,426.00	481,748.00	522,543.00	527,020.00
Total Business-type Activities Program Revenues	899,292.87	878,666.04	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
Total District Program Revenues	10,849,956.50	10,902,733.18	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
Net (Expense)/Revenue										
Governmental Activities	(29,354,238.32)	(27,655,770.19)	(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)
Business-type Activities	(74,160.98)	(23,417.54)	11,078.45	(6,989.57)	370,651.00	(43,427.00)	(45,002.00)	(24,628.00)	9,251.00	1,430.00
Total District-wide Net Expense	\$ (29,428,399.30)	\$ (27,679,187.73)	\$ (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)

(Continued)

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

	Fiscal Year Ending June 30,									
	<u>2025***</u>	<u>2024</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>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 9,367,218.00	\$ 9,036,488.00	\$ 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
Taxes Levied for Debt Service	1,109,779.00	1,107,729.00	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
Federal & State Aid not Restricted	20,314,281.24	18,483,787.29	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
State Aid Restricted	112,603.00	111,778.00	111,835.00	111,835.00	59,652.00	24,614.00	24,614.00	4,916.00	12,834.00	50,911.00
Investment Earnings					2,261.00	6,781.00	6,781.00	4,019.00	2,701.00	2,689.00
Miscellaneous Income	225,707.66	163,767.84	920,367.91	701,506.42	298,176.00	359,694.00	372,630.00	335,705.00	184,995.00	445,235.00
Loss on Disposal of Capital Assets								(7,139.00)		
Total Governmental Activities	31,129,588.90	28,903,550.13	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
Business-type Activities:										
Investment Earnings				40.16	114.00	503.00	503.00	245.00	215.00	305.00
Total Business-type Activities	-	-	-	40.16	114.00	503.00	503.00	245.00	215.00	305.00
Total District-wide	31,129,588.90	28,903,550.13	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
Change in Net Position										
Governmental Activities	1,775,350.58	1,247,779.94	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)
Business-type Activities	(74,160.98)	(23,417.54)	11,078.45	(6,949.41)	370,765.00	(42,924.00)	(44,499.00)	(24,383.00)	9,466.00	1,735.00
Total District	\$ 1,701,189.60	\$ 1,224,362.40	\$ 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)

* 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.

*** For the fiscal year ended June 30, 2025, the School District adopted GASB No. 101, which required the School District to measure and recognize additional compensated absences liabilities not previously reported under prior guidance. Balances prior to June 30, 2025 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>2025</u>	<u>2024</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>
General Fund										
Restricted	\$ 4,427,759.81	\$ 4,047,747.56	\$ 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
Assigned	679,780.64	360,633.69	742,031.35	995,291.64						
Committed	188,220.50		649,035.69							
Unassigned (Deficit)	<u>(1,007,770.30)</u>	<u>(904,886.57)</u>	<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>
Total General Fund	<u>\$ 4,287,990.65</u>	<u>\$ 3,503,494.68</u>	<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>
All Other Governmental Funds										
Restricted	\$ 314,319.99	\$ 281,030.19	\$ 308,603.20	\$ 294,532.46	\$ 298,284.00	\$ 5,629.00	\$ -	\$ -	\$ 23,177.00	\$ 4,287,754.00
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>
Total All Other Governmental Funds	<u>\$ 314,319.99</u>	<u>\$ 281,030.19</u>	<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>

** 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,									
	<u>2025</u>	<u>2024</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>
Revenues										
Tax Levy	\$ 10,476,997.00	\$ 10,144,217.00	\$ 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
Tuition Charges	122,770.51	245,236.26	261,855.14	249,009.21	224,928.00	201,051.00	201,051.00	195,207.00	185,006.00	302,426.00
Interest Earnings					2,261.00	6,781.00	6,781.00	4,019.00	2,701.00	2,689.00
Transportation	307,856.51	330,128.16	130,445.71	39,281.31	59,652.00	24,614.00	24,614.00	4,916.00	12,834.00	50,911.00
Miscellaneous	142,192.75	82,111.83	23,902.59	50,722.03	222,355.00	289,036.00	301,972.00	266,424.00	116,797.00	379,597.00
State Sources	30,619,361.27	26,918,136.88	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
Federal Sources	1,795,357.09	2,936,714.74	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
Local Sources	<u>932,999.40</u>	<u>903,604.40</u>	<u>896,465.32</u>	<u>650,784.39</u>	<u>477,958.00</u>	<u>407,736.00</u>	<u>375,346.00</u>	<u>414,561.00</u>	<u>376,909.00</u>	<u>412,910.00</u>
Total Revenue	<u>44,397,534.53</u>	<u>41,560,149.27</u>	<u>38,376,012.81</u>	<u>35,433,177.54</u>	<u>30,697,647.00</u>	<u>28,339,637.00</u>	<u>27,945,652.00</u>	<u>26,118,031.00</u>	<u>24,873,392.00</u>	<u>24,415,701.00</u>
Expenditures										
Instruction										
Regular Instruction	9,480,618.02	9,558,017.99	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
Special Education Instruction	1,683,871.11	1,813,442.51	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
Other Special Instruction					20,960.00	21,385.00	35,224.00	35,224.00	36,298.00	43,865.00
Other Instruction	1,338,821.77	1,465,300.61	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
Support Services:										
Tuition	2,687,539.01	2,036,821.12	1,663,584.00	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
Student & Instruction Related Services	6,714,072.08	5,823,525.31	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
General Administrative & Business Services	585,741.92	565,503.73	507,635.40	475,772.57	484,989.00	475,209.00	475,209.00	490,636.00	466,160.00	467,282.00
School Administrative Services	1,146,867.56	1,087,906.98	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
Central Services	388,994.46	342,418.13	322,491.78	325,190.66	309,333.00	312,140.00	312,140.00			
Other Administrative Services	225,275.21	171,341.37	211,612.27	210,828.57	146,668.00	149,746.00	149,746.00	397,626.00	367,471.00	342,324.00
Plant Operations and Maintenance	1,978,417.26	2,458,642.07	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
Pupil Transportation	1,999,056.69	1,817,626.27	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
Unallocated Employee Benefits	11,659,572.61	11,074,893.43	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
Charter Schools	163,330.00	152,775.00	162,404.00	18,639.00						
Capital Outlay	2,648,317.80	1,462,121.86	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
Debt Service:										
Principal	775,000.00	745,000.00	715,000.00	685,000.00	795,556.00	650,000.00	644,371.00	595,000.00	605,000.00	295,000.00
Interest and Other Charges	604,253.26	631,378.29	657,490.82	682,490.82	638,810.00	773,581.00	779,210.00	819,697.00	838,930.00	676,866.00
Total Expenditures	<u>44,079,748.76</u>	<u>41,206,714.67</u>	<u>40,665,436.52</u>	<u>34,313,169.94</u>	<u>29,536,089.00</u>	<u>28,511,772.00</u>	<u>28,027,115.00</u>	<u>26,853,554.00</u>	<u>28,765,723.00</u>	<u>28,778,037.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>317,785.77</u>	<u>353,434.60</u>	<u>(2,289,423.71)</u>	<u>1,120,007.60</u>	<u>1,161,558.00</u>	<u>(172,135.00)</u>	<u>(81,463.00)</u>	<u>(735,523.00)</u>	<u>(3,892,331.00)</u>	<u>(4,362,336.00)</u>
Other Financing Sources (Uses)										
Proceeds from Issuance of Financed Purchase Liability	500,000.00		2,000,000.00		600,000.00			700,551.00		
Bond Proceeds						7,065,000.00				
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	1,224,216.08	143,000.00	162,108.00	132,550.00				58,145.00	58,145.00	58,145.00
Transfers Out	<u>(1,224,216.08)</u>	<u>(143,000.00)</u>	<u>(162,108.00)</u>	<u>(132,550.00)</u>				<u>(58,145.00)</u>	<u>(58,145.00)</u>	<u>(58,145.00)</u>
Total Other Financing Sources (Uses)	<u>500,000.00</u>	<u>-</u>	<u>2,252,152.53</u>	<u>-</u>	<u>600,000.00</u>	<u>-</u>	<u>-</u>	<u>700,551.00</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 817,785.77</u>	<u>\$ 353,434.60</u>	<u>\$ (37,271.18)</u>	<u>\$ 1,120,007.60</u>	<u>\$ 1,761,558.00</u>	<u>\$ (172,135.00)</u>	<u>\$ (81,463.00)</u>	<u>\$ (34,972.00)</u>	<u>\$ (3,892,331.00)</u>	<u>\$ (4,362,336.00)</u>
Debt Service as a Percentage of Noncapital Expenditures	3.3%	3.5%	3.9%	4.1%	5.0%	5.0%	5.1%	5.4%	5.9%	4.0%

** 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>2025</u>	<u>2024</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>
Interest on Investments	\$ 7,523.35	\$ 7,985.57	\$ 8,051.15	\$ 364.71	\$ 2,261.00	\$ 6,781.00	\$ 6,781.00	\$ 4,019.00	\$ 2,701.00	\$ 2,689.00
Miscellaneous	218,184.31	155,782.27	92,734.14	124,088.84	298,176.00	359,694.00	372,630.00	335,705.00	184,995.00	445,235.00
Tuition	122,770.51	245,236.26	261,855.14	249,009.21	224,928.00	201,051.00	201,051.00	195,207.00	185,006.00	302,426.00
Transportation Fees	<u>307,856.51</u>	<u>330,128.16</u>	<u>130,445.71</u>	<u>39,281.31</u>	<u>59,652.00</u>	<u>24,614.00</u>	<u>24,614.00</u>	<u>4,916.00</u>	<u>12,834.00</u>	<u>50,911.00</u>
	<u>\$ 656,334.68</u>	<u>\$ 739,132.26</u>	<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>

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 <u>June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	Total Assessed <u>Value</u>	Less: Tax-Exempt Property	Public <u>Utilities (1)</u>	Net Valuation <u>Taxable</u>	Estimated Actual (County Equalized) <u>Value</u>	Total Direct School Tax Rate (2)
2025	\$ 9,429,900.00	\$ 715,424,700.00	\$ 2,894,100.00	\$241,000.00	\$ 34,102,700.00	\$ 17,928,400.00	\$ 19,424,700.00	\$ 799,445,500.00	\$ 180,537,900.00	\$ -	\$ 799,445,500.00	\$ 793,883,945.00	\$ 1.385
2024 (R)	9,003,300.00	717,904,100.00	2,894,100.00	234,200.00	34,127,200.00	17,928,400.00	19,424,700.00	801,516,000.00	177,531,100.00	-	801,516,000.00	759,979,413.00	1.307
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

(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

(R) Reassessment

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 <u>June 30,</u>	District Direct Rate			Overlapping Rates				Total Direct and Overlapping <u>Tax Rate</u>
	<u>School Basic Rate (1)</u>	<u>General Obligation Debt Service (2)</u>	<u>Total Direct School Tax Rate</u>	<u>Library District</u>	<u>Clayton Borough</u>	<u>Open Spaces</u>	<u>County of Gloucester</u>	
2025	\$ 1.238	\$ 0.147	\$ 1.385	\$ 0.029	\$ 0.702	\$ 0.028	\$ 0.425	\$ 2.569
2024 (R)	1.164	0.143	1.307	0.030	0.661	0.030	0.447	2.475
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

(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.

(R) Reassessment

Source: Municipal Tax Collector

BOROUGH OF CLAYTON SCHOOL DISTRICT

Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

<u>Taxpayer</u>	2025			2016		
	<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	\$ 13,866,800.00	1	1.73%	\$ 8,301,400.00	1	1.79%
Aleris Light Gauge Products, Inc.	8,970,300.00	2	1.12%	6,941,900.00	2	1.50%
Emerson Green 2 LLC	6,380,000.00	3	0.80%			
Emerson Green 1 LLC	4,034,100.00	4	0.50%			
Silver Lake Assoc.	3,712,200.00	5	0.46%	3,094,700.00	5	0.67%
JBS Leasing Solutions LLC	3,242,100.00	6	0.41%			
Realmarq Development LLC	2,929,600.00	7	0.37%	3,238,300.00	4	0.70%
Fernmoor Homes at Clayton LLC				5,953,400.00	3	1.29%
Cenco Properties LLC	1,657,700.00	8	0.21%			
Individual Taxpayer	1,604,100.00	9	0.20%			
Rite Aid of NJ Inc.				1,263,600.00	6	0.27%
Verizon Comm Inc.				1,208,465.00	7	0.26%
American Stores Company LLC	1,485,000.00	10	0.19%	1,125,200.00	8	0.24%
825 Delsea Dr c/o Robson Goldberg				1,105,000.00	9	0.24%
Saiwood Corporation				1,089,700.00	10	0.24%
Total	<u>\$ 47,881,900.00</u>		<u>5.99%</u>	<u>\$ 33,321,665.00</u>		<u>7.20%</u>

Source: Gloucester County Board of Taxation

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year of the Levy (1)</u>		Collections in Subsequent Years
		<u>Amount</u>	<u>Percentage of Levy</u>	
2025	\$ 10,476,997.00	\$ 10,476,997.00	100.00%	-
2024	10,144,217.00	10,144,217.00	100.00%	-
2023	10,137,872.00	10,137,872.00	100.00%	-
2022	10,129,643.00	10,129,643.00	100.00%	-
2021	10,204,678.00	10,204,678.00	100.00%	-
2020	9,942,264.00	9,942,264.00	100.00%	-
2019	9,766,528.00	9,766,528.00	100.00%	-
2018	9,588,371.00	9,588,371.00	100.00%	-
2017	9,335,398.00	9,335,398.00	100.00%	-
2016	8,932,559.00	8,932,559.00	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

<u>Governmental Activities</u>						
<u>Fiscal Year</u> <u>June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds (1)</u>	<u>Lease</u> <u>Liability</u>	<u>Financed</u> <u>Purchases</u>	<u>Total District</u>	<u>Percentage of</u> <u>Personal</u> <u>Income (2)</u>	<u>Per Capita (3)</u>
2025	\$ 12,300,000.00	\$ 88,852.11	\$ 1,628,214.55	\$ 14,017,066.66	Unavailable	Unavailable
2024	13,075,000.00	152,266.47	4,606,826.00	17,834,092.47	Unavailable	1,978.05
2023	13,820,000.00	213,044.35	2,385,046.49	16,418,090.84	2.78%	1,834.83
2022	14,535,000.00	-	733,739.94	15,268,739.94	2.74%	1,711.74
2021	15,220,000.00	-	1,228,299.87	16,448,299.87	2.93%	1,835.75
2020	16,015,000.00	-	306,919.00	16,321,919.00	3.09%	1,863.45
2019	17,227,000.00	-	456,210.00	17,683,210.00	3.58%	2,023.71
2018	17,852,000.00	-	602,789.00	18,454,789.00	4.25%	2,124.66
2017	18,447,000.00	-	-	18,447,000.00	4.05%	2,126.21
2016	19,052,000.00	-	-	19,052,000.00	4.42%	2,211.75

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>
2025	\$ 12,300,000.00	-	\$ 12,300,000.00	1.54%	Unavailable
2024	13,075,000.00	-	13,075,000.00	1.63%	1,450.20
2023	13,820,000.00	-	13,820,000.00	2.92%	1,544.48
2022	14,535,000.00	-	14,535,000.00	3.07%	1,629.48
2021	15,220,000.00	-	15,220,000.00	3.24%	1,698.66
2020	16,015,000.00	-	16,015,000.00	3.43%	1,828.41
2019	17,227,000.00	-	17,227,000.00	3.69%	1,971.50
2018	17,852,000.00	-	17,852,000.00	3.83%	2,055.26
2017	18,447,000.00	-	18,447,000.00	3.96%	2,126.21
2016	19,052,000.00	-	19,052,000.00	4.12%	2,211.75

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, 2024
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	\$ 12,655,000.00	\$ 12,655,000.00		
Borough of Clayton	<u>12,181,598.54</u>	<u>6,689,786.54</u>	<u>\$ 5,491,812.00</u>	<u>\$ 5,491,812.00</u>
	<u>24,836,598.54</u>	<u>19,344,786.54</u>	<u>5,491,812.00</u>	<u>5,491,812.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Gloucester: (2)				
General	239,268,000.00	19,131,039.00 (3)	220,136,961.00	4,134,606.82 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>100,041,911.00</u>	<u>100,041,911.00 (4)</u>		
	<u>339,309,911.00</u>	<u>119,172,950.00</u>	<u>220,136,961.00</u>	<u>4,134,606.82</u>
	<u>\$ 364,146,509.54</u>	<u>\$ 138,517,736.54</u>	<u>\$ 225,628,773.00</u>	<u>\$ 9,626,418.82</u>

Sources:

- (1) Borough of Clayton Annual Debt Statement - December 31, 2024.
- (2) County of Gloucester Annual Debt Statement - December 31, 2024.
- (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 2024 Equalized Value, which is 1.88%.
The source for this computation was the 2024 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 2025

		Equalized Valuation Basis (1)
		2024 \$ 794,209,175.00
		2023 714,788,369.00
		2022 621,124,408.00
		[A] \$ 2,130,121,952.00
	Average equalized valuation of taxable property	[A/3] \$ 710,040,650.67
	Debt limit (4% of average equalization value) (2)	[B] \$ 28,401,626.03
	Total Net Debt Applicable to Limit	[C] 12,300,000.00
	Legal Debt Margin	[B-C] \$ 16,101,626.03

	Fiscal Year Ended June 30,									
	<u>2025</u>	<u>2024</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>
Debt limit	\$ 28,401,627.36	\$ 25,043,710.19	\$ 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
Total net debt applicable to limit	<u>12,300,000.00</u>	<u>13,075,000.00</u>	<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>
Legal debt margin	<u>\$ 16,101,627.36</u>	<u>\$ 11,968,710.19</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	43.31%	52.21%	62.59%	71.75%	78.00%	83.02%	91.45%	96.59%	100.46%	102.35%

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>
2025	Unavailable	Unavailable	Unavailable	Unavailable
2024	9,016	Unavailable	Unavailable	6.1%
2023	8,948	591,113,828.00	\$ 66,061.00	5.1%
2022	8,920	556,652,600.00	62,405.00	4.2%
2021	8,960	560,474,880.00	62,553.00	7.7%
2020	8,759	528,920,974.00	60,386.00	11.7%
2019	8,738	493,688,262.00	56,499.00	4.7%
2018	8,686	433,852,056.00	54,745.00	5.0%
2017	8,676	455,542,056.00	52,506.00	5.7%
2016	8,614	430,751,684.00	50,006.00	6.1%

Source:

- (1) Population information provided by the NJ Department of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by municipality-estimated based upon the 2020 Census published
- (4) Unemployment data provided by the NJ Department of Labor and Workforce Development

BOROUGH OF CLAYTON SCHOOL DISTRICT

Principal Employers
Current Year and Ten Years Ago
Unaudited

<u>Employer</u>	<u>2025</u>			<u>2016</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 Memorial Hospital				1,675	2	N/A
Walmart - Turnersville	800	3	N/A			
LaBrea Bakery	500	4	N/A	525	10	N/A
Keller Williams Realty	500	5	N/A			
Paulsboro Refinery LLC Ap	402	6	N/A			
Washington Township School District	400	7	N/A	1,592	3	N/A
County of Gloucester				1,354	5	N/A
Monroe Township School District				806	7	N/A
Missa Bay				950	6	N/A
U.S. Foodservices				725	8	N/A
Jefferson Health	670	8	N/A			
Honda of Turnersville	499	9	N/A			
Exxon Mobil Research Development				540	9	N/A
Johnson Matthey Inc.	379	10	N/A			
	<u>8,872</u>			<u>11,475</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>2025*</u>	<u>2024*</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>
Instruction										
Regular	94.5	98	109	101	93	93	93	93	93	93
Special education	28.5	28	33	22	20	20	20	20	20	20
Support Services:										
Student & instruction related services	64	62	28	58	46	47	47	47	47	47
General administrative services	2.5	2.5	2	2	2	2	2	2	2	2
School administrative services	15	13	13	12	14	12	12	12	12	12
Business administrative services	5.5	4.5	4	4	5	6	5	5	5	5
Plant operations and maintenance	15.5	19.5	14	15	13	11	11	14	14	14
Pupil transportation	28	27	19	20	15	12	12	9	10	10
Food Service (custodians only)						2	2	2	2	1
Total	<u>253.5</u>	<u>254.5</u>	<u>222</u>	<u>234</u>	<u>208</u>	<u>205</u>	<u>204</u>	<u>204</u>	<u>205</u>	<u>204</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>				
2025	1,442	\$40,052,177.70	27,775.44	18.89%	132	10.5:1	10.1:1	12.9:1	1,350	1,353	-2.24%	100.22%
2024	1,482	38,368,214.52	25,889.48	18.60%	126	11.4:1	10.42:1	13.68:1	1,483	1,396	10.94%	94.13%
2023	1,451	33,897,467.15	23,361.45	20.46%	142	9.9:1	8.8:1	11.6:1	1,466	1,384	4.77%	94.41%
2022	1,449	31,630,847.02	21,829.43	19.67%	125	10.6:1	14.3:1	11.1:1	1,429	1,258	-11.38%	88.08%
2021	1,410	27,345,676.00	19,394.10	7.46%	125	10.8:1	14.4:1	11.5:1	1,415	1,321	-5.51%	93.36%
2020	1,478	26,961,508.00	18,241.89	5.23%	131	10.6:1	13.3:1	10.1:1	1,464	1,420	5.34%	96.99%
2019	1,474	26,603,534.00	18,048.53	13.71%	131	10.6:1	13.3:1	10.1:1	1,454	1,398	2.12%	96.15%
2018	1,436	24,892,565.00	17,334.66	9.22%	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	-1.01%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%
2016	1,451	23,264,798.00	16,033.63	2.72%	128	11.6:1	13.0:1	9.1:1	1,432	1,369	0.00%	95.60%

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>2025</u>	<u>2024</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>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	711	694	666	662	660	706	714	669	735	743
<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	143,910	143,910	126,080
Capacity (students)	868	868	868	868	868	868	868	868	868	868
Enrollment	731	788	785	787	750	772	760	767	712	708

Number of Schools at June 30, 2025

 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>2025</u>	<u>2024</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>
Clayton Middle/Clayton High School	N/A	\$ 118,753.00	\$ 185,818.00	\$ 148,147.80	\$ 167,324.19	\$ 106,607.00	\$ 107,157.00	\$ 111,525.00	\$ 104,887.00	\$ 102,854.00	\$ 86,283.00
Clayton Elementary School	N/A	<u>78,741.40</u>	<u>123,210.11</u>	<u>98,232.00</u>	<u>111,550.00</u>	<u>71,071.00</u>	<u>71,052.00</u>	<u>74,350.00</u>	<u>69,925.00</u>	<u>77,592.00</u>	<u>65,091.00</u>
Grand Total		<u>\$ 197,494.40</u>	<u>\$ 309,028.11</u>	<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>

* 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, 2025

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property & Auto Physical Damage/Boiler & Machinery	\$ 63,657,939.00	\$ 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	265,000.00	
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, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 3, 2025. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting principle and an additional paragraph on the restatement of the prior period financial statements resulting from the new accounting principle.

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.

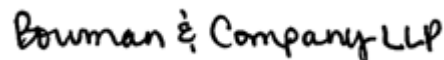
Report on Compliance and Other Matters

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.

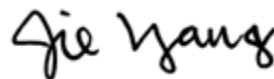
Purpose of this Report

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



Jie Yang
Certified Public Accountant
Public School Accountant No. CS 266000

Voorhees, New Jersey
December 3, 2025

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 25-12-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, 2025. 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, 2025.

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 25-12-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 25-12-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 25-12-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 25-12-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 25-12-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.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

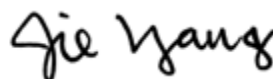
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 25-12-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Jie Yang
Certified Public Accountant
Public School Accountant No. CS 266000

Voorhees, New Jersey
December 3, 2025

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Pass-through Entity Identifying Number	Program or Award Amount	Grant Period		Balance at June 30, 2024										Budgetary Expenditures		Passed- Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2025		
						From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures	Adjustments	(Accounts Receivable)	Unearned Revenue	Due to Grantor						
General Fund:																								
U.S. Department of Health and Human Services																								
Passed-Through State Department of Human Services: Medical Assistance Program (Medicaid)																								
	93.778	N/A	2005NJ5MAP	100-054-7540-211	\$ 30,082.34	7/1/24	6/30/25	\$ -	\$ -	\$ -	\$ 30,082.34	\$ 30,082.34	\$ -	\$ 30,082.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Total Medical Assistance Program (Medicaid) Cluster																								
								-	-	-	30,082.34	30,082.34	-	30,082.34	-	-	-	-	-	-				
Total General Fund																								
								-	-	-	30,082.34	30,082.34	-	30,082.34	-	-	-	-	-	-				
Special Revenue Fund:																								
U.S. Department of Education																								
Passed-Through State Department of Education: E.S.S.A. Consolidated:																								
Title I Grants to Local Educational Agencies	84.010	N/A	S010A230030	ESSA-0860-24	326,791.00	7/1/23	9/30/24	(17,194.01)			73,562.00	56,368.42		56,368.42		0.43								
Title I Grants to Local Educational Agencies	84.010	N/A	S010A240030	ESSA-0860-25	313,296.00	7/1/24	9/30/25				227,185.00	252,241.25		252,241.25		(0.43)		(25,056.68)						
Total Title I Grants to Local Educational Agencies																								
								(17,194.01)	-	-	300,747.00	308,609.67	-	308,609.67	-	-	-	(25,056.68)	-	-				
Supporting Effective Instruction State Grants	84.367	84.367A	S367A230029	ESSA-0860-24	89,877.00	7/1/23	9/30/24	(8,465.24)			34,335.00	25,870.14		25,870.14		0.38								
Supporting Effective Instruction State Grants	84.367	84.367A	S367A240029	ESSA-0860-25	68,868.00	7/1/24	9/30/25				34,087.00	36,166.86		36,166.86		(0.38)		(2,080.24)						
Total Supporting Effective Instruction State Grant																								
								(8,465.24)	-	-	68,422.00	62,037.00	-	62,037.00	-	-	-	(2,080.24)	-	-				
Student Support and Academic Enrichment Program (Title IV)	84.424	84.424A	S424A230031	ESSA-0860-24	45,523.00	7/1/23	9/30/24	(18,262.25)			18,992.00	730.27		730.27		0.52								
Student Support and Academic Enrichment Program (Title IV)	84.424	84.424A	S424A240031	ESSA-0860-25	28,364.00	7/1/24	9/30/25				20,270.00	21,024.39		21,024.39		(0.52)		(754.91)						
Student Support and Academic Enrichment Program																								
Bipartisan Safer Communities Act, Stronger Connections Grant	84.424	84.424F	S424F220031	ESSA-0860-24	924,141.00	9/1/23	9/30/25	(170,361.79)			311,288.00	393,699.24		393,699.24				(252,773.03)						
Total Student Support and Academic Enrichment Program																								
								(188,624.04)	-	-	350,550.00	415,453.90	-	415,453.90	-	-	-	(253,527.94)	-	-				
Special Education Cluster (IDEA):																								
Special Education Grants to States	84.027	84.027A	H027A230100	FT-0860-24	456,732.00	7/1/23	9/30/24	(49,427.16)			49,427.00					0.16								
Special Education Grants to States	84.027	84.027A	H027A240100	FT-0860-25	450,745.00	7/1/24	9/30/25				356,526.00	356,526.00		356,526.00										
Special Education Grants to States - IDEA CCLC Supplemental	84.027	84.027A	H027A240100	25-EK73-H05	30,000.00	9/1/24	8/31/25					3,165.00		3,165.00				(3,165.00)						
Total Special Education Grants to States																								
								(49,427.16)	-	-	405,953.00	359,691.00	-	359,691.00	-	0.16	-	(3,165.00)	-	-				
Special Education Preschool Grants	84.173	N/A	H173A230114	PSH-0860-24	20,890.00	7/1/23	9/30/24	(2,432.00)			2,432.00													
Special Education Preschool Grants	84.173	N/A	H173A240114	PSH-0860-25	20,217.00	7/1/24	9/30/25				15,250.00	19,062.00		19,062.00				(3,812.00)						
Total Special Education Preschool Grants																								
								(2,432.00)	-	-	17,682.00	19,062.00	-	19,062.00	-	-	-	(3,812.00)	-	-				
Total Special Education Cluster (IDEA)																								
								(51,859.16)	-	-	423,635.00	378,753.00	-	378,753.00	-	0.16	-	(6,977.00)	-	-				
Twenty-First Century Community Learning Centers:																								
Twenty-First Century Community Learning Centers	84.287	N/A	S287C230030	100-034-5064-161	250,000.00	9/1/23	8/31/24	(18,005.47)			49,251.00	31,245.89		31,245.89		0.36								
Twenty-First Century Community Learning Centers	84.287	N/A	S287C240030	100-034-5064-161	350,000.00	9/1/24	8/31/25				183,529.00	261,643.67		261,643.67				(78,114.67)						
Total Twenty-First Century Community Learning Centers																								
								(18,005.47)	-	-	232,780.00	292,889.56	-	292,889.56	-	0.36	-	(78,114.67)	-	-				
Education Stabilization Fund (ESF):																								
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)																								
Elementary and Secondary Emergency Relief Fund (ESSER)	84.425	COVID-19, 84.425D	S425D200027	100-034-5120-513	362,306.00	3/13/20	9/30/22			83.00							83.00							
Digital Divide	84.425	COVID-19, 84.425D	S425D200027	100-034-5120-513	177,339.00	7/16/20	10/31/20			49.00							49.00							
American Rescue Plan Act																								
Elementary and Secondary Emergency Relief Fund (ESSER)	84.425	COVID-19, 84.425U	S425U210027	100-034-5120-523	2,899,029.00	3/13/20	9/30/24	(808,974.56)			820,235.00	11,260.64		11,260.64		0.20								
Accelerated Learning Coach and Educator Support	84.425	COVID-19, 84.425U	S425U210027	100-034-5120-523	139,089.00	3/13/20	9/30/24	(245.41)			14,286.00	14,040.59		14,040.59										
Evidence Based Summer Learning and Enrichment	84.425	COVID-19, 84.425U	S425U210027	100-034-5120-523	40,000.00	3/13/20	9/30/24	(2,087.36)			12,225.00	10,137.64		10,137.64										
Evidence Based Comprehensive Beyond the School Day	84.425	COVID-19, 84.425U	S425U210027	100-034-5120-523	40,000.00	3/13/20	9/30/24	(12,701.25)			17,034.00	4,332.75		4,332.75										
Total Education Stabilization Fund																								
								(824,008.58)	132.00	-	863,780.00	39,771.62	-	39,771.62	-	0.20	132.00	-	-	-				
Passed-through Swedesboro-Woolwich School District Consortium:																								
E.S.S.A.:																								
English Language Acquisition State Grants	84.365	84.365A	S365A240030	ESSA-5620-25	5,425.00	7/1/24	9/30/25				3,000.00	5,425.00		5,425.00				(2,425.00)						
Total English Language Acquisition State Grants																								
								-	-	-	3,000.00	5,425.00	-	5,425.00	-	-	-	(2,425.00)	-	-				
Total U.S. Department of Education																								
								(1,108,156.50)	132.00	-	2,242,914.00	1,502,939.75	-	1,502,939.75	-	0.72	132.00	(368,181.53)	-	-				
Total Special Revenue Fund																								
								(1,108,156.50)	132.00	-	2,242,914.00	1,502,939.75	-	1,502,939.75	-	0.72	132.00	(368,181.53)	-	-				

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Federal FAIN Number	Pass-through Entity Identifying Number	Program or Award Amount	Grant Period		Balance at June 30, 2024				Budgetary Expenditures					Passed-Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2025		
						From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue				Due to Grantor		
Enterprise Fund:																						
U.S. Department of Agriculture																						
Passed-Through State Department of Agriculture:																						
Child Nutrition Cluster:																						
National School Lunch Program (NSLP):																						
Non-Cash Assistance:																						
National School Lunch Program - Commodities	10.555	N/A	251NJ304N1099	N/A	\$ 68,090.88	7/1/24	6/30/25	\$ -	\$ -	\$ -	\$ 68,090.88	\$ 68,090.88	\$ -	\$ 68,090.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total National School Lunch Program - Non-Cash Assistance								-	-	-	68,090.88	68,090.88	-	68,090.88	-	-	-	-	-	-	-	
Cash Assistance:																						
National School Lunch Program	10.555	N/A	241NJ304N1099	100-010-3350-026	391,242.73	10/1/23	9/30/24	(14,287.80)			63,414.47	49,126.67		49,126.67								
National School Lunch Program	10.555	N/A	251NJ304N1099	100-010-3350-026	407,513.32	10/1/24	9/30/25				384,042.86	407,513.32		407,513.32					(23,470.46)			
Total National School Lunch Program - Cash Assistance								(14,287.80)	-	-	447,457.33	456,639.99	-	456,639.99	-	-	-	(23,470.46)	-	-	-	
Total National School Lunch Program								(14,287.80)	-	-	515,548.21	524,730.87	-	524,730.87	-	-	-	(23,470.46)	-	-	-	
School Breakfast Program (SBP):																						
National School Breakfast Program	10.553	N/A	241NJ304N1099	100-010-3350-028	122,040.79	10/1/23	9/30/24	(5,996.56)			21,025.36	15,028.80		15,028.80								
National School Breakfast Program	10.553	N/A	251NJ304N1099	100-010-3350-028	126,020.58	10/1/24	9/30/25				115,871.74	126,020.58		126,020.58					(10,148.84)			
Total School Breakfast Program (SBP)								(5,996.56)	-	-	136,897.10	141,049.38	-	141,049.38	-	-	-	(10,148.84)	-	-	-	
Total Child Nutrition Cluster								(20,284.36)	-	-	652,445.31	665,780.25	-	665,780.25	-	-	-	(33,619.30)	-	-	-	
Summer Electronic Benefit Transfer Program for Children	10.646	N/A	202424N180341	100-010-3350-129	321.50	7/1/24	6/30/25				321.50	321.50		321.50								
Total Summer Electronic Benefit Transfer Program for Children								-	-	-	321.50	321.50	-	321.50	-	-	-	-	-	-	-	
Local Food for Schools Cooperative Agreement Program	10.185	N/A	AM22CPLFS0000C015	100-010-3350-123	4,117.42	7/1/24	6/30/25				4,117.42	4,117.42		4,117.42								
Total Local Food for Schools Cooperative Agreement Program								-	-	-	4,117.42	4,117.42	-	4,117.42	-	-	-	-	-	-	-	
Total Enterprise Fund								(20,284.36)	-	-	656,884.23	670,219.17	-	670,219.17	-	-	-	(33,619.30)	-	-	-	
Total Federal Awards								\$ (1,128,440.86)	\$ 132.00	\$ -	\$ 2,929,880.57	\$ 2,203,241.26	\$ -	\$ 2,203,241.26	\$ -	\$ 0.72	\$ 132.00	\$ (401,800.83)	\$ -	\$ -	\$ -	

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2025

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2024				Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed- Trough to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2025			Memo	
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor	(Accounts Receivable)	Unearned Revenue							Due to Grantor	Budgetary Receivable June 30, 2025	Cumulative Total Expenditures		
General Fund:																			
New Jersey Department of Education:																			
State Aid - Public:																			
Equalization Aid	495-034-5120-078	\$ 16,473,031.00	7/1/23	6/30/24	\$ (1,552,770.93)	\$ -	\$ -	\$ 1,552,770.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,473,031.00	
School Choice Aid	495-034-5120-068	69,203.00	7/1/23	6/30/24	(6,523.17)			6,523.17										69,203.00	
Special Education Categorical Aid	495-034-5120-089	1,159,393.00	7/1/23	6/30/24	(109,286.00)			109,286.00										1,159,393.00	
Security Aid	495-034-5120-084	269,252.00	7/1/23	6/30/24	(25,380.07)			25,380.07										269,252.00	
Equalization Aid	495-034-5120-078	17,466,956.00	7/1/24	6/30/25				15,802,748.66	17,466,956.00					(1,664,207.34)			1,664,207.34	17,466,956.00	
School Choice Aid	495-034-5120-068	76,184.00	7/1/24	6/30/25				68,925.38	76,184.00					(7,258.62)			7,258.62	76,184.00	
Special Education Categorical Aid	495-034-5120-089	1,548,952.00	7/1/24	6/30/25				1,401,371.77	1,548,952.00					(147,580.23)			147,580.23	1,548,952.00	
Security Aid	495-034-5120-084	487,972.00	7/1/24	6/30/25				441,479.26	487,972.00					(46,492.74)			46,492.74	487,972.00	
Total State Aid - Public					(1,693,960.17)	-	-	19,408,485.24	19,580,064.00	-	-	-	(1,865,538.93)	-	-	1,865,538.93	37,550,943.00		
Extraordinary Special Education Aid:																			
Extraordinary Special Education Aid	495-034-5120-044	426,467.00	7/1/23	6/30/24	(426,467.00)			426,467.00										426,467.00	
Extraordinary Special Education Aid	495-034-5120-044	519,448.00	7/1/24	6/30/25					519,448.00					(519,448.00)				519,448.00	
Total Extraordinary Aid					(426,467.00)	-	-	426,467.00	519,448.00	-	-	-	(519,448.00)	-	-	-	945,915.00		
Transportation Aid:																			
Transportation Aid	495-034-5120-014	289,926.00	7/1/23	6/30/24	(27,328.83)			27,328.83										289,926.00	
Transportation Aid	495-034-5120-014	447,521.00	7/1/24	6/30/25				404,882.33	447,521.00					(42,638.67)			42,638.67	447,521.00	
Nonpublic Transportation Aid	495-034-5120-014	15,780.00	7/1/23	6/30/24	(15,780.00)			15,780.00										15,780.00	
Nonpublic Transportation Aid	495-034-5120-014	12,142.00	7/1/24	6/30/25					12,142.00					(12,142.00)				12,142.00	
Total Transportation Aid					(43,108.83)	-	-	447,991.16	459,663.00	-	-	-	(54,780.67)	-	-	42,638.67	765,369.00		
Reimbursed TPAF Social Security Contributions:																			
Reimbursed TPAF Social Security Contributions	495-034-5094-003	857,907.72	7/1/23	6/30/24	(41,658.00)			41,658.00										857,907.72	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	865,444.43	7/1/24	6/30/25				823,666.07	865,444.43					(41,778.36)				865,444.43	
Total Reimbursed TPAF Social Security Contributions					(41,658.00)	-	-	865,324.07	865,444.43	-	-	-	(41,778.36)	-	-	-	1,723,352.15		
On-Behalf T.P.A.F. Contributions (non-budgeted):																			
On-Behalf T.P.A.F. Pension - Post-Retirement Medical	495-034-5094-001	1,179,594.00	7/1/24	6/30/25				1,179,594.00	1,179,594.00									1,179,594.00	
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	3,987,533.00	7/1/24	6/30/25				3,987,533.00	3,987,533.00									3,987,533.00	
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	49,395.00	7/1/24	6/30/25				49,395.00	49,395.00									49,395.00	
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	2,119.00	7/1/24	6/30/25				2,119.00	2,119.00									2,119.00	
Total On-Behalf T.P.A.F. Pension Contribution (non-budgeted)					-	-	-	5,218,641.00	5,218,641.00	-	-	-	-	-	-	-	5,218,641.00		
Payments for Institutionalized Children - Unknown District of Residence:																			
Payments for Institutionalized Children	495-034-5120-005	173,789.00	7/1/23	6/30/24	(173,789.00)			173,789.00										173,789.00	
Payments for Institutionalized Children	495-034-5120-005	280,221.00	7/1/24	6/30/25					280,221.00					(280,221.00)				280,221.00	
Total Payments for Institutionalized Children					(173,789.00)	-	-	173,789.00	280,221.00	-	-	-	(280,221.00)	-	-	-	454,010.00		
Menstrual Product Reimbursement					-	-	-		1,464.00	-	-	-	(1,464.00)	-	-		1,464.00		
Total General Fund					(2,378,983.00)	-	-	26,540,697.47	26,924,945.43	-	-	-	(2,763,230.96)	-	-	1,908,177.60	46,659,694.15		
Special Revenue Fund:																			
New Jersey Department of Education:																			
Preschool Education Aid:																			
Preschool Education Aid	495-034-5120-086	2,002,000.00	7/1/23	6/30/24	859,349.79		(1,059,549.79)	200,200.00										942,450.21	
Preschool Education Aid	495-034-5120-086	2,027,554.00	7/1/24	6/30/25				1,059,549.79	1,824,798.60	2,640,821.87				(202,755.40)	446,281.92	202,755.40	2,640,821.87		
Total Preschool Education Aid					859,349.79	-	-	2,024,998.60	2,640,821.87	-	-	-	(202,755.40)	446,281.92	-	202,755.40	3,583,272.08		

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2025

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2024								Balance at June 30, 2025				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, 2025	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	\$ 10,117.00	7/1/23	6/30/24	\$ -	\$ 13.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13.00	\$ -	\$ -	\$ -	\$ 10,104.00	
Textbook Aid	100-034-5120-064	8,285.00	7/1/24	6/30/25				8,285.00	8,261.36						23.64		8,261.36	
Total N.J. Nonpublic Textbook Aid					-	13.00	-	8,285.00	8,261.36	-	-	13.00	-	-	23.64	-	18,365.36	
N.J. Nonpublic Technology Initiative Aid:																		
Technology Initiative Aid	100-034-5120-373	8,575.00	7/1/23	6/30/24		32.00						32.00					8,543.00	
Technology Initiative Aid	100-034-5120-373	7,938.00	7/1/24	6/30/25				7,938.00	7,917.08						20.92		7,917.08	
Total N.J. Nonpublic Technology Initiative Aid					-	32.00	-	7,938.00	7,917.08	-	-	32.00	-	-	20.92	-	16,460.08	
N.J. Nonpublic Nursing Aid:																		
Nursing Services	100-034-5120-070	21,060.00	7/1/24	6/30/25				21,060.00	21,060.00								21,060.00	
Total N.J. Nonpublic Nursing Aid					-	-	-	21,060.00	21,060.00	-	-	-	-	-	-	-	21,060.00	
N.J. Nonpublic Auxiliary Services Aid:																		
Auxiliary Services:																		
Compensatory Education	100-034-5120-067	69,229.00	7/1/23	6/30/24		16,362.00						16,362.00					52,867.00	
Transportation	100-034-5120-067	7,590.00	7/1/23	6/30/24		4,110.00						4,110.00					3,480.00	
Auxiliary Services:																		
Compensatory Education	100-034-5120-067	54,619.00	7/1/24	6/30/25				54,619.00	36,067.20		0.49				18,552.29		36,066.71	
English as a Second Language	100-034-5120-067	1,678.00	7/1/24	6/30/25				1,678.00	1,677.51		(0.49)						1,678.00	
Transportation	100-034-5120-067	12,736.00	7/1/24	6/30/25				12,736.00	4,905.90						7,830.10		4,905.90	
Total N.J. Nonpublic Auxiliary Services Aid					-	20,472.00	-	69,033.00	42,650.61	-	-	20,472.00	-	-	26,382.39	-	98,997.61	
N.J. Nonpublic Handicapped Services Aid:																		
Handicapped Services:																		
Initial Exam & Class	100-034-5120-066	16,123.00	7/1/23	6/30/24		1,140.00						1,140.00					14,983.00	
Corrective Speech	100-034-5120-066	33,480.00	7/1/23	6/30/24		6,696.00						6,696.00					26,784.00	
Supplementary Instruction	100-034-5120-066	14,042.00	7/1/23	6/30/24		1,982.00						1,982.00					12,060.00	
Handicapped Services:																		
Initial Exam & Class	100-034-5120-066	20,668.00	7/1/24	6/30/25				20,668.00	16,689.36						3,978.64		16,689.36	
Corrective Speech	100-034-5120-066	38,130.00	7/1/24	6/30/25				38,130.00	24,738.00						13,392.00		24,738.00	
Supplementary Instruction	100-034-5120-066	14,868.00	7/1/24	6/30/25				14,868.00	13,381.20						1,486.80		13,381.20	
Total N.J. Nonpublic Handicapped Services Aid					-	9,818.00	-	73,666.00	54,808.56	-	-	9,818.00	-	-	18,857.44	-	108,635.56	
N.J. Nonpublic Security Aid:																		
N.J. Nonpublic Security Aid	100-034-5120-509	35,875.00	7/1/23	6/30/24		1,842.00						1,842.00					34,033.00	
N.J. Nonpublic Security Aid	100-034-5120-509	33,210.00	7/1/24	6/30/25				33,210.00	32,650.00						560.00		32,650.00	
Total N.J. Nonpublic Security Aid					-	1,842.00	-	33,210.00	32,650.00	-	-	1,842.00	-	-	560.00	-	32,650.00	
New Jersey Department of Children and Families:																		
School Based Youth Program:																		
School Based Youth Program	100-016-1630-013	228,704.00	7/1/17	6/30/18		55.00						(55.00)					228,704.00	
School Based Youth Program	100-016-1630-013	238,567.00	7/1/18	6/30/19		25.00						(25.00)					238,567.00	
School Based Youth Program	100-016-1630-013	164,870.63	7/1/22	6/30/23		28,567.99								28,567.99		136,302.64		
School Based Youth Program	100-016-1630-013	261,045.00	7/1/23	6/30/24		3,446.87								3,446.87		257,598.13		
School Based Youth Program	100-016-1630-013	253,155.00	7/1/24	6/30/25				253,155.00	253,155.00								253,155.00	
School Based Youth Program - Family Friendly Center	100-016-1630-013	45,463.00	7/1/17	6/30/18		1.00						(1.00)					45,463.00	
School Based Youth Program - Family Friendly Center	100-016-1630-013	45,963.00	7/1/18	6/30/19		54.00						(54.00)					45,963.00	
School Based Youth Program - Family Friendly Center	100-016-1630-013	53,648.00	7/1/21	6/30/22		2,894.56						(17.00)		2,877.56		50,770.44		
School Based Youth Program - Family Friendly Center	100-016-1630-013	47,781.37	7/1/22	6/30/23		9,760.01						152.00		9,912.01		37,869.36		
School Based Youth Program - Family Friendly Center	100-016-1630-013	47,781.37	7/1/23	6/30/24		16,708.23								16,708.23		31,073.14		
School Based Youth Program - Family Friendly Center	100-016-1630-013	50,323.00	7/1/24	6/30/25				50,323.00	50,041.70					281.30		50,041.70		
Total School Based Youth Program					-	61,512.66	-	303,478.00	303,196.70	-	-	-	-	-	61,793.96	-	1,375,507.41	

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2025

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balance at June 30, 2024				Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Passed- Trough to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2025			Memo	
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor									(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2025	Cumulative Total Expenditures
Special Revenue Fund (Cont'd):																			
New Jersey Schools Development Authority (SDA):																			
Capital Maintenance and Emergent Project Grant	Unknown	\$ 36,263.00	7/1/23	6/30/24	\$ 2,385.09	\$ -	\$ -	\$ -	\$ 2,385.09	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,263.00
New Jersey Department of Community Affairs:																			
Local Recreation Improvement Grants	Unknown	64,000.00	7/1/24	6/30/25					64,000.00					(64,000.00)				64,000.00	
Total Local Recreation Improvement Grants					-	-	-	-	64,000.00	-	-	-		(64,000.00)	-	-		-	64,000.00
Total Special Revenue Fund					861,734.88	93,689.66	-	2,541,668.60	3,177,751.27	-	-	32,177.00	(266,755.40)	446,281.92	107,638.35		202,755.40	5,355,211.10	
Capital Projects Fund:																			
New Jersey School Development Authority (SDA):																			
Clayton High School Boilers and Domestic HW Heaters	0860-030-23-GSDP	763,510.42	03/14/24	Project End	(69,728.00)			610,808.34	693,782.42					(152,702.08)			152,702.08	763,510.42	
Herma S. Simmons Elementary School Boilers and Domestic HW Heaters	0860-040-23-GSDQ	566,565.79	03/14/24	Project End	(51,742.20)			453,252.63	514,823.59					(113,313.16)			113,313.16	566,565.79	
Total Capital Projects Fund					(121,470.20)	-	-	1,064,060.97	1,208,606.01	-	-	-	(266,015.24)	-	-		266,015.24	1,330,076.21	
Debt Service Fund:																			
New Jersey Department of Education:																			
Debt Service Aid Type II	495-034-5120-075	112,603.00	7/1/24	6/30/25				112,603.00	112,603.00					-				112,603.00	
Total Debt Service Fund					-	-	-	112,603.00	112,603.00	-	-	-	-	-	-	-	-	112,603.00	
Enterprise Fund:																			
New Jersey Department of Agriculture:																			
State School Lunch Program:																			
State School Lunch Program	100-010-3350-023	13,878.32	7/1/23	6/30/24	(527.32)			527.32										13,878.32	
Working Class Families State Supplement - EIE Lunch	100-010-3350-023	6,687.45	7/1/23	6/30/24	21,678.50	(1,110.77)						20,564.73		3.00				6,687.45	
State School Reduced Breakfast Program	100-010-3350-023	2,063.10	7/1/23	6/30/24	(99.60)			99.60										2,063.10	
Working Class Families State Supplement - EIE Breakfast	100-010-3350-023	1,236.10	7/1/23	6/30/24	13,681.70	(605.15)						13,076.55						1,236.10	
State School Lunch Program	100-010-3350-023	13,799.27	7/1/24	6/30/25				13,074.39	13,799.27					(724.88)				13,799.27	
Working Class Families State Supplement - EIE Lunch	100-010-3350-023	21,429.44	7/1/24	6/30/25		1,110.77		19,007.40	21,429.44					(1,311.27)				21,429.44	
State School Reduced Breakfast Program	100-010-3350-023	1,848.60	7/1/24	6/30/25				1,716.60	1,848.60					(132.00)				1,848.60	
State School Breakfast After the Bell Program	100-010-3350-023	4,314.70	7/1/24	6/30/25				4,002.30	4,314.70					(312.40)				4,314.70	
Working Class Families State Supplement - EIE Breakfast	100-010-3350-023	8,891.05	7/1/24	6/30/25				605.15	7,474.95	8,891.05				(810.95)				8,891.05	
Total State School Lunch Program					34,733.28	-	-	45,902.56	50,283.06	-	-	33,641.28	(3,291.50)	3.00	-		-	74,148.03	
Summer Electronic Benefit Transfer Program for Children	100-010-3370-003	321.50	7/1/24	6/30/25				321.50	321.50									321.50	
Total Enterprise Fund					34,733.28	-	-	46,224.06	50,604.56	-	-	33,641.28	(3,291.50)	3.00	-		-	74,469.53	
Total State Financial Assistance					\$ (1,603,985.04)	\$ 93,689.66	\$ -	\$ 30,305,254.10	\$ 31,474,510.27	\$ -	\$ -	\$ 65,818.28	\$ (3,299,293.10)	\$ 446,284.92	\$ 107,638.35		\$ 2,376,948.24	\$ 53,532,053.99	
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	1,179,594.00	7/1/24	6/30/25					(1,179,594.00)										
On-Behalf T.P.A.F. Pension - Normal Cost	495-034-5094-002	3,987,533.00	7/1/24	6/30/25					(3,987,533.00)										
On-Behalf T.P.A.F. Pension - Non-contributory Insurance	495-034-5094-004	49,395.00	7/1/24	6/30/25					(49,395.00)										
On-Behalf T.P.A.F. Pension - Long-Term Disability Insurance	495-034-5094-004	2,119.00	7/1/24	6/30/25					(2,119.00)										
Total General Fund (Non-Cash Assistance)									(5,218,641.00)										
Total State Financial Assistance subject to Major Program Determination for State Single Audit									\$ 26,255,869.27										

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, 2025

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 25-12-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, they are not intended to and do not present the financial position and changes in operations of the School District.

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

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and 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 25-12-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 up to 15-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, capital projects fund, debt service 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. The capital projects fund is presented in the accompanying schedules on the modified accrual basis.

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$186,888.60) for the general fund and (\$355,320.84) 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	\$ 30,082.34	\$ 26,738,056.83	\$ 26,768,139.17
Special Revenue	1,765,274.75	2,560,095.43	4,325,370.18
Capital Projects		1,208,606.01	1,208,606.01
Debt Service		112,603.00	112,603.00
Food Service	670,219.17	50,604.56	720,823.73
	<u>2,465,576.26</u>	<u>30,669,965.83</u>	<u>33,135,542.09</u>
GAAP Basis Revenues			
GAAP Adjustments:			
State Aid Payments		186,888.60	186,888.60
Encumbrances	(262,335.00)	617,655.84	355,320.84
	<u>(262,335.00)</u>	<u>804,544.44</u>	<u>542,209.44</u>
Total Awards and Financial Assistance Expended	<u>\$ 2,203,241.26</u>	<u>\$ 31,474,510.27</u>	<u>\$ 33,677,751.53</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 rounding differences.

Note 7: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2025, 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, 2025

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Child Nutrition Cluster:
<u>10.553</u>	<u>251NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>251NJ304N1099</u>	<u>National School Lunch Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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, 2025

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.

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.

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 25-12-OMB.

None.

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 25-12-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2024-001

Condition

The School District's reported student counts in the categories of "Students – Grade PK", "Public School Students Excluding Vocational School Students" and "Special Education Public School Students" could not be verified to supporting documents.

Current Status

The condition has been corrected.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.