

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

BOROUGH OF CLAYTON SCHOOL DISTRICT
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INTRODUCTORY SECTION

CLAYTON PUBLIC SCHOOL DISTRICT

**350 E. CLINTON STREET
CLAYTON, NEW JERSEY 08312
(856) 881-8701 FAX #: (856) 863-8196**

**DAVID LINDENMUTH
SUPERINTENDENT**

**FRANCES ADLER
BUSINESS ADMINISTRATOR**

December 21, 2015

Honorable President and
Members of the Board of Education
Clayton Public School District
300 West Chestnut Street
Clayton NJ 08312

Dear Board Members:

We are submitting the Comprehensive Annual Financial Report of the Clayton Public School District for the fiscal year ended June 30, 2015. 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 is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All necessary disclosures have been included to enable the reader to gain an understanding of the District's financial activities.

The annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officers. The financial section includes the general-purpose financial statements and schedules as well as the auditors' report. The statistical section includes selected financial and demographic information. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the United States Office of management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the New Jersey OMB Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit including the auditors' report on internal controls and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES:

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

The Clayton Public School District provides a full range of educational services appropriate to grade levels PreK-12. These include regular and vocational programs as well as special education for the special needs students. The 2014-2015 In-District Student Enrollment was 1,447 which is 3.44 percent higher than the previous year.

STUDENT ENROLLMENT:

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>% CHANGE</u>
2015	1447	+ 3.44%
2014	1399	+ 1.08%
2013	1384	+ 1.02%
2012	1370	- 0.22%
2011	1373	- 0.07%
2010	1374	+ 1.70%
2009	1351	+ 3.17%
2008	1309	+ 2.40%
2007	1277	+ 1.83%
2006	1254	- 3.39%
2005	1298	- 0.46%

ECONOMIC CONDITION AND OUTLOOK:

The district passed a bond referendum in December. Voters approved Lights at Haupt Field, a new gym floor at Herma Simmons Elementary School, district wide technology upgrades, Middle School Reroofing Project and a Performing Arts Center at the High School. The projects were started in March 2015 and should be completed during the 2016-2017 school year. The districts free and reduced lunch population is around 54% and we continue to pursue federal, state, and other grant sources to enhance programs and provide resources.

MAJOR INITIATIVES:

The following District-Level goals have been developed for the 2014-2015 school year:

- 1) Increase Pride in the District
- 2) Increase community outreach and improve communication throughout the District to allow for a positive student-centered environment.
- 3) Plan for facility and infrastructure needs of the future and improve the maintenance and appearance of the current facilities.
- 4) Continue fiscal responsibility by examining efficiencies, internal controls, and structure.

PROGRESS TOWARD GOALS AND OBJECTIVES:

DISTRICT GOAL 1: Increase pride in district and foster a positive climate for both

staff and students to assist them in attaining success.

- Increased staff pride and moral through “Staff Olympics” and school spirit days.
- “Clayton Pride Resides Here” signs
- “Good News” Newsletter

DISTRICT GOAL 2: Increase community outreach and improve communication to allow for a successful student-centered environment

- Increased community outreach – partnership with Education Foundation. “News on Deck” made available on Website; Cable Television Programming; Grandparents Day; Parental Workshops.
- Public Relations/Media Outreach – press releases; District Newsletter; automated Phone Service.
- Increase number of parent meetings – PARCC parent meetings, Literacy Nights, Meet the Principal Nights.
- Exploration of partnerships with Rowan University

DISTRICT GOAL 3: To prepare and plan for a public referendum to fund facility maintenance and/or additions.

- Investigated needs of district and community – numerous stakeholder meetings
- Disseminated information regarding the final plan and then worked through the successful referendum process.

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, 2015, the District’s outstanding debt issues amount to \$19,347,000.

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, school 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 and Company LLP was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB 15-08, as revised. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

AWARDS:

1. Teachers of the Year: Elementary School Teacher – Marissa Van Ostenbridge
Middle School Teacher – Marisol Howard
High School Teacher – Mark Zambon

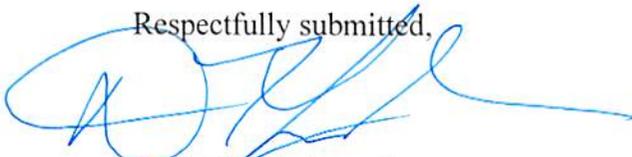
2. Grant Awards: No new grants or awards, although there are a number in process – 21st Century, Breakfast in the Classroom

ACKNOWLEDGEMENTS:

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

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

Respectfully submitted,

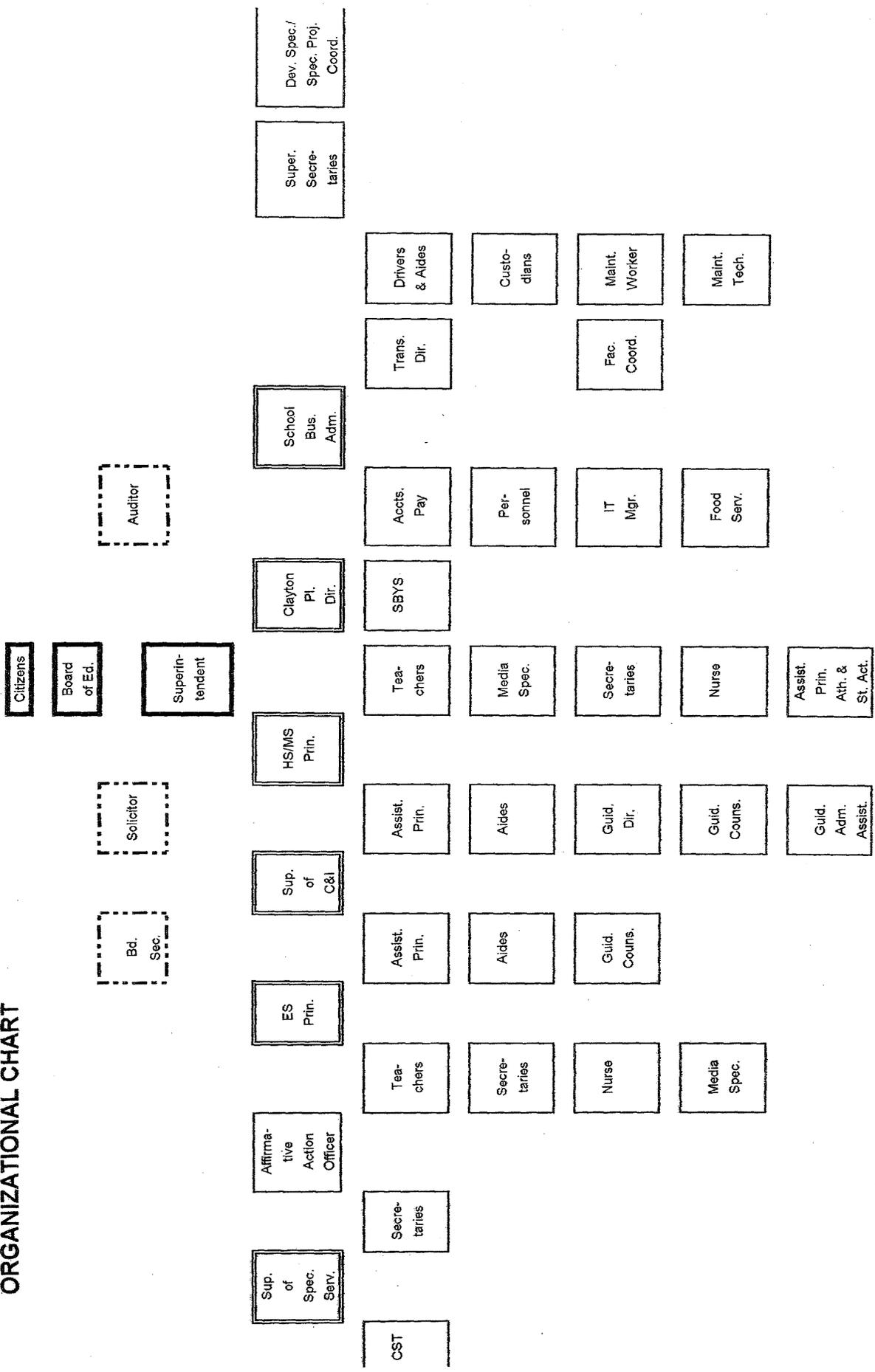


David T. Lindenmuth
Superintendent of Schools



Frances C. Adler
School Business Administrator/Board Secretary

CLAYTON PUBLIC SCHOOLS ORGANIZATIONAL CHART



**CLAYTON BOARD OF EDUCATION
CLAYTON, NEW JERSEY**

ROSTER OF OFFICIALS

As of June 30, 2015

January 2015 – December 2015

Members of the Board of Education	Term Expires
Anthony Grafton, President	2016
Milton "Bud" Reuter, III	2017
Ronald Durham	2017
Elizabeth Kellum	2016
Dawn Milligan	2017
Jeff Radio	2015
Robin Roche	2015
Edwardo Rojas	2016
Vacancy	2015

David T. Lindenmuth, Superintendent of Schools
Frances Adler, School Business Administrator/Board Secretary
Debbie Swietanski, Treasurer of School Funds

**CLAYTON BOARD OF EDUCATION
CLAYTON, NEW JERSEY**

CONSULTANTS AND ADVISORS

Architect

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Audit Firm

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

Attorney

Ware, Streitz and Thompson
10 Pitman Avenue
Pitman, NJ 08071

Official Depositories

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

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

Special Counsel

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Clayton School District in the County of Gloucester, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted new accounting guidance, 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 Statement No. 68*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statements No. 68 and No. 71, net position as of June 30, 2014 on the statement of activities has been restated, as discussed in note 21 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Clayton School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules are presented for purposes of additional analysis as required by the Division of Administration and 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Clayton School District's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman + Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Glen J. Walton

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

Voorhees, New Jersey
December 21, 2015

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Clayton School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2015, 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 21, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

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) to determine the 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 School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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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 determination of financial statement amounts. 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 Division of Administration and 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 School District'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 Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
December 21, 2015

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The management's discussion and analysis of the Borough of Clayton School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015 and 2014. 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 2015:

- During the fiscal year ended June 30, 2015 the School District was required to implement Governmental Accounting Standard Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions*, see below discussion. In addition, the notes to the financial statements provide a more through discussion of the implementation of GASB 68 and the effects to the financial statements.
- The assets of the Borough of Clayton School District exceeded its liabilities at the close of the most recent fiscal year by \$12,753,285 (net position).
- The School District's total net position decreased by \$830,271. This increase is primarily attributable to the Borough of Clayton School District's increase in long-term liabilities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$9,410,844, an increase of \$7,922,898 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$526,824, which is a decrease of \$24,777 in comparison with the prior year.
- The Borough of Clayton School District's total debt increased by \$9,005,000 as a result of issuing general obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

The School District has three kinds of funds:

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2015 and 2014.

TABLE 1				
Net Position				
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 10,395,306	\$ 2,046,859	\$ 8,348,447	407.87%
Capital Assets	28,029,231	27,663,878	365,353	1.32%
Total Assets	38,424,537	29,710,737	8,713,800	29.33%
Deferred Outflows of Resources:				
Related to Pensions	390,665		390,665	100.00%
Total Deferred Outflows of Resources	390,665	-	390,665	100.00%
Liabilities:				
Long-Term Liabilities	24,197,123	9,844,393	14,352,730	145.80%
Other Liabilities	1,571,430	1,288,857	282,573	21.92%
Total Liabilities	25,768,553	11,133,250	14,635,303	131.46%
Deferred Inflow of Resources - Related to Pensions	293,364	-	293,364	100.00%
Net Position:				
Net Investment in Capital Assets	8,471,936	17,183,552	(8,711,616)	-50.70%
Restricted	9,898,712	1,687,656	8,211,056	486.54%
Unrestricted (Deficit)	(5,617,363)	(293,721)	(5,323,642)	1812.48%
	12,753,285	18,577,487	(5,824,202)	-31.35%
Restatement to Record the School District's Net Pension Liability and Pension Related Deferred Outflows of Resources per GASB 68	-	(4,993,931)	4,993,931	-100.00%
Total Net Position	\$ 12,753,285	\$ 13,583,556	\$ (830,271)	-6.11%

Table 2 provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 390,665		\$ 390,665	100.00%
Less: Net Pension Liability	(4,922,662)	\$ (4,993,931)	71,269	-1.43%
Less: Deferred Inflows Related to Pensions	(293,364)		(293,364)	-100.00%
	\$ (4,825,361)	\$ (4,993,931)	\$ 168,570	-3.38%

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

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

Table 3 reflects changes in net position for fiscal years 2015 and 2014.

TABLE 3
Change in Net Position

Revenues:	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 591,036	\$ 576,698	\$ 14,338	2.49%
Operating Grants and Contributions	2,639,736	2,400,128	239,608	9.98%
General Revenues:				
Property Taxes	8,558,217	8,252,815	305,402	3.70%
Grants and Contributions not Restricted to Specific Programs	12,062,364	11,611,460	450,904	3.88%
Other	272,686	184,314	88,372	47.95%
 Total Revenues	 <u>24,124,039</u>	 <u>23,025,415</u>	 <u>1,098,624</u>	 <u>4.77%</u>
 Expenses:				
Instruction:				
Regular	7,361,734	9,418,124	(2,056,390)	-21.83%
Special Education	1,546,903	2,245,943	(699,040)	-31.12%
Other Special Instruction	757,159	865,437	(108,278)	-12.51%
Student Services:				
Tuition	1,374,384	1,012,585	361,799	35.73%
Student and Instruction Related	2,607,540	3,374,956	(767,416)	-22.74%
General Administrative Services	463,038	427,067	35,971	8.42%
School Administrative Services	1,009,556	1,409,226	(399,670)	-28.36%
Central Services	262,968	350,891	(87,923)	-25.06%
Administrative Information Technology	114,762	145,374	(30,612)	-21.06%
Plant Operations and Maintenance	1,553,580	2,244,318	(690,738)	-30.78%
Pupil Transportation	879,291	800,164	79,127	9.89%
Allocated and Unallocated Benefits	5,898,914		5,898,914	100.00%
Interest on Long-Term Debt	474,777	420,347	54,430	12.95%
Food Service	649,704	553,581	96,123	17.36%
 Total Expenses	 <u>24,954,310</u>	 <u>23,268,013</u>	 <u>1,686,297</u>	 <u>7.25%</u>
 Increase (Decrease) in Net Position	 (830,271)	 (242,598)	 (587,673)	 2.42
 Beginning Net Position	 <u>13,583,556</u>	 <u>18,820,085</u>	 <u>(5,236,529)</u>	 <u>-27.82%</u>
 Ending Net Position, Prior to Restatement	 12,753,285	 18,577,487	 (5,824,202)	 -31.35%
 Restatement to Record the School District's Net Pension Liability and Pension Related Deferred Outflows of Resources per GASB 68	 <u>-</u>	 <u>(4,993,931)</u>	 <u>4,993,931</u>	 <u>-100.00%</u>
 Ending Net Position	 <u>\$ 12,753,285</u>	 <u>\$ 13,583,556</u>	 <u>\$ (830,271)</u>	 <u>-6.11%</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

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

Governmental Activities

In 2014-2015, Governmental Activities Revenues were \$23,490,410 or 97.37% of total revenues.

In 2013-2014, Governmental Activities Revenues were \$22,409,590 or 97.33% of total revenues.

In 2014-2015, General Revenues - Property Taxes of \$8,558,217 made up 36.43%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$12,062,364 made up 51.35% of Governmental Activities Revenues.

In 2013-2014, General Revenues - Property Taxes of \$8,252,815 made up 36.83%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$11,611,460 made up 51.81% of Governmental Activities Revenues.

In 2014-2015, the School District's Governmental Activities expenditures increased by \$1,590,174 or 7.00%.

Business-Type Activities

In 2014-2015 Business-Type Activities Revenues were \$633,629 or 2.63% of total revenues. In 2013-14 Business-Type Activities Revenues were \$615,825 or 2.67% of total revenues.

Charges for Services for Business-Type Activities were \$213,244 in 2014-2015 compared to \$193,346 in 2013-2014, a 10.29% increase.

Operating Grants and Contributions for Business-Type Activities were \$420,019 in 2014-2015 compared to \$422,236 in 2013-2014, a 0.53% decrease.

Expenses for Business-Type Activities were \$649,704 in 2014-2015 compared to \$553,581 in 2013-2014, a 17.36% increase.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$18,088,093, which was greater than the original budget.

The 2014-2015 General Fund Tax Levy was \$7,711,155, an increase of \$151,199 or 2.00% from the 2013-2014 General Fund Tax Levy of \$7,559,956.

During fiscal year 2015, the School District budgeted \$7,711,155 for property taxes (local tax levy) and \$9,949,141 for state aid revenues.

The School District also received \$619,810 and \$1,131,301 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical and Pension Contributions, respectively. The Borough of Clayton School District's expenditures also include the reimbursed TPAF Social Security Aid and On-behalf T.P.A.F. Pension and Medical Contributions of \$619,810 and \$1,131,301 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

The final budgetary basis expenditure appropriation estimate was \$19,431,459, which was greater than the original budget.

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2015
 (Unaudited) (Cont'd)

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

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$9,410,844, an increase of \$7,922,898 in comparison with the prior year.

Of the combined ending fund balances of \$9,410,844, \$556,737 constitutes unassigned fund balance deficits. The remainder of fund balance of \$9,967,581 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary fund had \$202,101 in unrestricted net position.

CAPITAL ASSETS

The Borough of Clayton School District's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$8,471,936 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, and equipment. There was a net decrease in the Borough of Clayton School District's investment in capital assets for the current fiscal year of 51.00%. The net increase was the result of the net effect of the 2015 asset additions, depreciation expense, and write-offs for the year. Table 4 reflects the capital assets.

TABLE 4
 Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Land	\$ 510,670	\$ 510,670
Construction in Progress	1,272,502	
Site Improvements	932,226	999,645
Building and Improvements	24,441,434	25,216,828
Equipment	<u>872,399</u>	<u>936,735</u>
 Total Capital Assets	 <u>\$ 28,029,231</u>	 <u>\$ 27,663,878</u>

Depreciation expense was \$1,000,119 for fiscal year ended 2015 and \$989,576 for fiscal year ended 2014.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the Borough of Clayton School District had total bonded debt outstanding of \$19,347,000. The entire Borough of Clayton School District's bonded debt is governmental as opposed to business-type. The 2016 adopted budget has an appropriation of \$295,000 representing the payment of the annual principal. The School Bond – Series 2010 will mature on September 1, 2034 and the School Bond – Series 2015 will mature on March 1, 2040.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited) (Cont'd)

FACTORS ON THE DISTRICT'S FUTURE

For the 2014-15 school year, the Borough of Clayton School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. Approximately 36.40% of total revenue is from local tax levy and 60.80% of the Borough of Clayton School District's revenue is from federal and state aid (restricted and not restricted).

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF CLAYTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 483,779	\$ 185,640	\$ 669,419
Receivables, net	601,586	23,972	625,558
Inventory		4,743	4,743
Restricted Assets:			
Capital Reserve Account - Cash	166,229		166,229
Restricted Cash and Cash Equivalents	8,929,357		8,929,357
Capital Assets, net (Note 6)	27,982,346	46,885	28,029,231
Total Assets	38,163,297	261,240	38,424,537
DEFERRED OUTFLOWS:			
Related to Pension (Note 9)	390,665		390,665
LIABILITIES:			
Accounts Payable	895,483	12,254	907,737
Payable to State Government	46,763		46,763
Unearned Revenue	37,482		37,482
Accrued Interest Payable	210,295		210,295
Noncurrent Liabilities (Note 7):			
Due within One Year	369,153		369,153
Due beyond One Year	24,197,123		24,197,123
Total Liabilities	25,756,299	12,254	25,768,553
DEFERRED INFLOWS:			
Related to Pension (Note 9)	293,364		293,364
NET POSITION:			
Net Investment in Capital Assets	8,425,051	46,885	8,471,936
Restricted for:			
Debt Service			
Capital Projects	8,458,233		8,458,233
Other Purposes	1,440,479		1,440,479
Unrestricted (Deficit)	(5,819,464)	202,101	(5,617,363)
Total Net Position	\$ 12,504,299	\$ 248,986	\$ 12,753,285

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, 2015

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 7,361,734	\$ 377,792	\$ 587,393	\$ (6,774,341)	\$	\$ (6,774,341)
Special Education	1,546,903		229,808	(939,303)		(939,303)
Other Instruction	757,159		76,519	(680,640)		(680,640)
Support Services:						
Tuition	1,374,384		371,725	(1,002,659)		(1,002,659)
Student and Instruction Related Services	2,607,540		813,934	(1,793,606)		(1,793,606)
General Administrative Services	463,038			(463,038)		(463,038)
School Administrative Services	1,009,556			(1,009,556)		(1,009,556)
Central Services	262,968			(262,968)		(262,968)
Administrative Information Technology	114,762			(114,762)		(114,762)
Plant Operations and Maintenance	1,553,580			(1,553,580)		(1,553,580)
Pupil Transportation	879,291			(879,291)		(879,291)
Unallocated Benefits	5,898,914		140,338	(5,758,576)		(5,758,576)
Interest on Long-Term Debt	474,777			(474,777)		(474,777)
Total Governmental Activities	24,304,606	377,792	2,219,717	(21,707,097)		(21,707,097)
Business-Type Activities:						
Food Service	649,704	213,244	420,019		\$ (16,441)	(16,441)
Total Business-Type Activities	649,704	213,244	420,019		(16,441)	(16,441)
Total Primary Government	\$ 24,954,310	\$ 591,036	\$ 2,639,736	(21,707,097)	(16,441)	(21,723,538)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, net				7,711,155		7,711,155
Property Taxes Levied for Debt Service				847,062		847,062
Federal and State Aid Not Restricted				11,782,620		11,782,620
State Aid Restricted				279,744		279,744
Interest and Investment Earnings				4,353	366	4,719
Miscellaneous Income				267,967		267,967
Total General Revenues				20,892,901	366	20,893,267
Change in Net Position				(814,196)	(16,075)	(830,271)
Net Position -- July 1 (Restated)				13,318,495	265,061	13,583,556
Net Position -- June 30				\$ 12,504,299	\$ 248,986	\$ 12,753,285

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 483,779		\$ 8,929,357		\$ 9,413,136
Cash - Capital Reserve Account	166,229				166,229
Accounts Receivable					
State	171,820	\$ 2,456			174,276
Federal		290,167			290,167
Other	119,910	17,233			137,143
Interfunds Receivable	154,863				154,863
Total Assets	\$ 1,096,601	\$ 309,856	\$ 8,929,357	\$ -	\$ 10,335,814
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 114,077	\$ 104,030	\$ 467,755		\$ 685,862
Interfunds Payable		151,494	3,369		154,863
Payable to State Government		46,763			46,763
Unearned Revenue		37,482			37,482
Total Liabilities	114,077	339,769	471,124		924,970
Fund Balances:					
Restricted:					
Capital Reserve Account	166,229				166,229
Excess Surplus--Designated for Subsequent Year's Expenditures	483,067				483,067
Excess Surplus	283,588				283,588
Capital Projects			8,458,233		8,458,233
Assigned:					
Other Purposes	68,869				68,869
Subsequent Year's Expenditures	507,595				507,595
Unassigned	(526,824)	(29,913)			(556,737)
Total Fund Balances	982,524	(29,913)	8,458,233		9,410,844
Total Liabilities and Fund Balances	\$ 1,096,601	\$ 309,856	\$ 8,929,357	\$ -	

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 \$41,082,684, and the accumulated depreciation is \$13,100,338.

27,982,346

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(19,643,614)

Accrued interest payable

(210,295)

Net Pension Liability

(4,922,662)

Accounts Payable related to the April 1, 2016 Required PERS pension contribution that is not to be liquidated with current financial resources.

(209,621)

Deferred Outflows of Resources - Related to Pensions

390,665

Deferred Inflows of Resources - Related to Pensions

(293,364)

Net position of governmental activities

\$ 12,504,299

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 7,711,155			\$ 847,062	\$ 8,558,217
Tuition Charges	377,792				377,792
Interest	4,353				4,353
Unrestricted Miscellaneous Revenues	203,640				203,640
State Sources	11,679,646	\$ 811,091		279,744	12,770,481
Federal Sources	102,974	1,071,360			1,174,334
Local Sources	64,327	337,266			401,593
	<u>20,143,887</u>	<u>2,219,717</u>	<u>-</u>	<u>1,126,806</u>	<u>23,490,410</u>
Total Revenues					
EXPENDITURES:					
Current:					
Regular Instruction	6,181,114	587,393			6,768,507
Special Education Instruction	1,200,828	229,808			1,430,636
Other Special Instruction		76,519			76,519
Other Instruction	620,557				620,557
Support Services and Undistributed Costs:					
Tuition	1,002,659	371,725			1,374,384
Student and Instruction Related Services	1,635,275	813,934			2,449,209
General Administrative Services	463,038				463,038
School Administrative Services	920,437				920,437
Central Services	239,754				239,754
Administrative Information Technology	104,632				104,632
Plant Operations and Maintenance	1,416,437				1,416,437
Pupil Transportation	879,291				879,291
Unallocated Benefits	5,650,935	206,925			5,857,860
Debt Service:					
Principal				725,000	725,000
Interest and Other Charges				402,808	402,808
Capital Outlay	295,941		\$ 1,272,502		1,568,443
	<u>20,610,898</u>	<u>2,286,304</u>	<u>1,272,502</u>	<u>1,127,808</u>	<u>25,297,512</u>
Total Expenditures					
Excess (Deficiency) of Revenues over Expenditures	<u>(467,011)</u>	<u>(66,587)</u>	<u>(1,272,502)</u>	<u>(1,002)</u>	<u>(1,807,102)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from Bond Sale			9,730,000		9,730,000
Operating Transfers In		65,053	735		65,788
Operating Transfers Out	(65,788)				(65,788)
	<u>(65,788)</u>	<u>65,053</u>	<u>9,730,735</u>	<u>-</u>	<u>9,730,000</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	(532,799)	(1,534)	8,458,233	(1,002)	7,922,898
Fund Balance -- July 1	1,515,323	(28,379)	-	1,002	1,487,946
Fund Balance -- June 30	<u>\$ 982,524</u>	<u>\$ (29,913)</u>	<u>\$ 8,458,233</u>	<u>\$ -</u>	<u>\$ 9,410,844</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	7,922,898
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$	(989,789)
Capital Outlays		1,568,443
Capital Outlays not being depreciated		(46,099)
Debt Service Assessment Charged to Capital Outlay		<u>(156,872)</u>
		375,683
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		725,000
<p>Proceeds from the sale of bonds is a financing source in the government funds, but increases the long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		(9,730,000)
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)</p>		
		(71,969)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		5,243
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		<u>(41,051)</u>
Change in Net Position of Governmental Activities	\$	<u>(814,196)</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, 2015

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 185,640
Accounts Receivable:	
State	418
Federal	23,554
Inventories	<u>4,743</u>
Total Current Assets	<u>214,355</u>
Noncurrent Assets:	
Equipment	273,110
Less Accumulated Depreciation	<u>226,225</u>
Total Noncurrent Assets	<u>46,885</u>
Total Assets	<u>261,240</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>12,254</u>
Total Current Liabilities	<u>12,254</u>
NET POSITION:	
Net Investment in Capital Assets	46,885
Unrestricted	<u>202,101</u>
Total Net Position	<u>\$ 248,986</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, 2015

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 103,946
Daily Sales - Non-Reimbursable Programs	104,805
Special Functions	4,493
	213,244
OPERATING EXPENSES:	
Salaries	239,396
Employee Benefits	54,122
Supplies and Materials	27,942
Cost of Sales	273,812
Management Fee	37,455
Other Purchased Services	6,647
Depreciation	10,330
	649,704
Total Operating Expenses	649,704
Operating Income (Loss)	(436,460)
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	6,843
Federal Sources:	
Special Milk Program	2,265
National School Lunch Program	294,801
Healthy Hunger Free Kids Program	8,093
School Breakfast Program	64,339
United States Department of Agriculture Commodities	43,678
Interest and Investment Revenue	366
	420,385
Total Nonoperating Revenues	420,385
Change in Net Position	(16,075)
Total Net Position -- July 1	265,061
Total Net Position -- June 30	\$ 248,986

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 213,971
Payments to Employees	(239,396)
Payments for Employee Benefits	(54,122)
Payments to Suppliers	<u>(311,946)</u>
Net Cash Provided by (used for) Operating Activities	<u>(391,493)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	<u>377,808</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>377,808</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	<u>366</u>
Net Cash Provided by (used for) Investing Activities	<u>366</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,319)
Cash and Cash Equivalents -- July 1	<u>198,959</u>
Cash and Cash Equivalents -- June 30	<u><u>\$ 185,640</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (436,460)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	10,330
Federal Commodities	43,678
(Increase) Decrease in Inventories	(1,471)
Increase (Decrease) in Other Current Liabilities	<u>(7,570)</u>
Total Adjustments	<u>44,967</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (391,493)</u></u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2015

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Private Purpose Scholarship Fund</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 4,709	\$ 154,418	\$ 166,940	\$ 326,067
Total Assets	<u>\$ 4,709</u>	<u>\$ 154,418</u>	<u>\$ 166,940</u>	<u>\$ 326,067</u>
LIABILITIES:				
Payable to Student Groups		\$ 154,418		\$ 154,418
Payroll Deductions and Withholdings			\$ 166,940	166,940
Total Liabilities		<u>\$ 154,418</u>	<u>\$ 166,940</u>	<u>321,358</u>
NET POSITION:				
Held in Trust for Other Purposes	<u>\$ 4,709</u>			<u>\$ 4,709</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Year Ended June 30, 2015

	Private Purpose Scholarship <u>Fund</u>
ADDITIONS:	
Investment Earnings	
Interest	\$ 8
Net Investment Earnings	<u>8</u>
Total Additions	<u>8</u>
DEDUCTIONS:	
Scholarship Payments	<u>650</u>
Total Deductions	<u>650</u>
Change in Net Position	(642)
Net Position -- July 1	<u>5,351</u>
Net Position -- June 30	<u><u>\$ 4,709</u></u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2015

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 purpose of the School District is to educate students in grades kindergarten through 12 at the School District's three schools. The Borough of Clayton School District has an approximate enrollment at June 30, 2015 of 1,448.

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

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (cont'd)**

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

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 primary 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. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The School District reports the following major governmental fund:

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

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

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

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

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure 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, or 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 transfer 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 expenditure for principal and interest.

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

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

The School District maintains the following enterprise funds:

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

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, and then unrestricted resources as they are needed

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

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

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

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

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

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

Encumbrances

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

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

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.

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

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

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

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

Inventories

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

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

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

Tuition Receivable

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

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. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position.

Capital Assets

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

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

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

The School District does not possess any infrastructure.

Deferred Outflows and Deferred Inflows of Resources

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

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

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2015 and 2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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

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

Accrued Salaries and Wages

Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2015, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and Public Employees' Retirement System ("PERS") and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, 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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Bond Discounts / Premiums**

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

Net Position

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

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

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

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

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

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, 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**

For the fiscal year ended June 30, 2015, the School District adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the School District was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$(4,993,931), and was recognized as a restatement of the School District's June 30, 2014 net position on the statement of activities (see note 21).

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

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement will become effective for the School District in fiscal year 2016. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the notes to the 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 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of June 30, 2015, the School District's bank balance of \$10,618,351 was exposed to custodial credit risk as follows:

Insured	\$	1,061,764
Insured under GUDPA		9,556,587
Uninsured/Uncollateralized		<u>-</u>
	\$	<u>10,618,351</u>

Note 3: CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance July 1, 2014	\$	165,980
Interest Earned		249
Withdrawals		<u>-</u>
Ending balance June 30, 2015	\$	<u>166,229</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 is \$5,044,884. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLES

Accounts receivable at June 30, 2015 consisted of accounts (fees) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of State programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Intergovernmental	\$ 291,730	\$ 309,856	\$ 23,972	\$ 625,558
Total	<u>\$ 291,730</u>	<u>\$ 309,856</u>	<u>\$ 23,972</u>	<u>\$ 625,558</u>

Note 5: INVENTORY

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$ 3,234
Supplies	<u>1,509</u>
	<u>\$ 4,743</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 510,670			\$ 510,670
Construction in Progress	-	\$ 1,272,502		1,272,502
Total Capital Assets, not being Depreciated	<u>510,670</u>	<u>1,272,502</u>	<u>-</u>	<u>1,783,172</u>
Capital Assets, being Depreciated:				
Site Improvements	1,748,753			1,748,753
Buildings and Improvements	35,581,503			35,581,503
Equipment	1,876,286	92,970		1,969,256
Total Capital Assets, being Depreciated	<u>39,206,542</u>	<u>92,970</u>	<u>-</u>	<u>39,299,512</u>
Less Accumulated Depreciation for:				
Site Improvement	(749,108)	(67,419)		(816,527)
Building and Improvements	(10,364,675)	(775,394)		(11,140,069)
Equipment	(996,766)	(146,976)		(1,143,742)
Total Accumulated Depreciation	<u>(12,110,549)</u>	<u>(989,789)</u>	<u>-</u>	<u>(13,100,338)</u>
Total Capital Assets, being Depreciated, Net	<u>27,095,993</u>	<u>(896,819)</u>	<u>-</u>	<u>26,199,174</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,606,663</u>	<u>\$ 375,683</u>	<u>\$ -</u>	<u>\$ 27,982,346</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Equipment	\$ 273,110			\$ 273,110
Less Accumulated Depreciation for:				
Land	(215,895)	\$ (10,330)		(226,225)
Total Business-Type Activities Capital Assets, Net	<u>\$ 57,215</u>	<u>\$ (10,330)</u>	<u>\$ -</u>	<u>\$ 46,885</u>

Note 6: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:	
Instruction	\$ 642,972
Student & Instruction Related Services	131,388
General and Business Administrative Services	101,624
Plant Operations and Maintenance	<u>113,805</u>
Total Depreciation – Governmental Activities	<u>\$ 989,789</u>
Business-Type Activities:	
Food Service	<u>\$ 10,330</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 10,330</u>

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

	(Restated) Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 10,342,000	\$ 9,730,000	\$ (725,000)	\$ 19,347,000	\$ 295,000
Other Liabilities:					
Net Pension Liability	4,993,931		(71,269)	4,922,662	
Compensated Absences	<u>301,857</u>	<u>115,139</u>	<u>(120,382)</u>	<u>296,614</u>	<u>74,153</u>
Total Other Liabilities	<u>5,295,788</u>	<u>115,139</u>	<u>(191,651)</u>	<u>5,219,276</u>	<u>74,153</u>
Governmental Activity Long-term Liabilities	<u>\$ 15,637,788</u>	<u>\$ 9,845,139</u>	<u>\$ (916,651)</u>	<u>\$ 24,566,276</u>	<u>\$ 369,153</u>

The bonds payable are generally liquidated by the debt service fund, while claims and judgment and compensated absences are liquidated by the general fund.

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

Principal due on the serial bonds is as follows:

Date of Issue	Amount Of Issue	Maturities	Interest Rate	Amount
2010	\$ 10,017,000	2015 to 2035	3.25-4.375%	\$ 9,617,000
2015	9,730,000	2017 to 2040	3.00-4.00%	<u>9,730,000</u>
				<u>\$ 19,347,000</u>

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

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 295,000	\$ 676,866	\$ 971,866
2017	605,000	682,063	1,287,063
2018	595,000	662,825	1,257,825
2019	625,000	643,494	1,268,494
2020	650,000	622,338	1,272,338
2021-2025	3,705,000	2,748,844	6,453,844
2026-2030	4,610,000	2,010,813	6,620,813
2031-2035	5,672,000	1,073,119	6,745,119
2036-2040	2,590,000	295,135	2,885,135
	<u>\$ 19,347,000</u>	<u>\$ 9,415,497</u>	<u>\$ 28,762,497</u>

Bonds Authorized But Not Issued - As of June 30, 2015, the School District had no authorizations to issue additional bonded debt.

Compensated Absences – As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid.

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

Note 8: OPERATING LEASES

At June 30, 2015, the School District had operating lease agreements in effect for copy machines and postage machines. The present value of the future minimum rental payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 309,647
2017	264,899
2018	202,460
2019	151,134
2020	128,002
Thereafter	35,595
	<u>\$ 1,091,737</u>

Rental payments under operating leases for the fiscal year ended June 30, 2015 were \$172,629.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
 Division of Pensions and Benefits
 P.O. Box 295
 Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions>

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

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund ("TPAF") is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. 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, are covered under TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. 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, are covered under PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for a certain enrollment tier 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 certain enrollment tiers, but who earn salary of at least \$5,000.00 annually.

Benefits Provided

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

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (cont'd)****Benefits Provided (cont'd)**

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
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 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years 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 ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The membership tiers for PERS are the same as noted above 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 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2015 was 4.09% of the School District's covered-employee payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2015 because of the 100.00% special funding situation with the State of New Jersey.

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. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2015 was 12.19% of the School District's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$209,621 for the fiscal year ended June 30, 2015. Employee contributions were \$121,479 for the fiscal year ended June 30, 2015.

Defined Contribution Retirement Program - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

For the fiscal year ended June 30, 2015, employee contributions totaled \$28,569, and the School District recognized pension expense of \$15,583. There were no forfeitures during the fiscal year.

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

Teachers' Pension and Annuity Fund - At June 30, 2015, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District. The State's proportionate share of net pension liability, attributable to the School District is as follows:

School Districts Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>42,254,253</u>
	<u>\$ 42,254,253</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. 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 June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation of the State of New Jersey. For the fiscal year ended June 30, 2015, the School District recognized \$1,131,301 in revenue and expense, in the Government-Wide Financial Statements, for the State of New Jersey on-behalf TPAF pension contributions.

Public Employees' Retirement System - At June 30, 2015, the School District reported a liability of \$4,922,662 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. 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. At June 30, 2014, the School District's proportion was 0.0262924299%, which was an increase of 0.0001625909% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the School District recognized \$258,469, in the Government-Wide Financial Statements, for pension expense for PERS.

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

Public Employees' Retirement System (Cont'd) - At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	154,795	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	293,364
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contribution	26,249	-
School District Contributions Subsequent to the Measurement Date	<u>209,621</u>	<u>-</u>
	<u>\$ 390,665</u>	<u>\$ 293,364</u>

\$209,621 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>PERS</u>
2015	\$ (36,383)
2016	(36,383)
2017	(36,383)
2018	(36,383)
2019	23,064
Thereafter	<u>10,148</u>
	<u>\$ (112,320)</u>

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.01%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2009 – June 30, 2012	July 1, 2008 – June 30, 2011

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	TPAF		PERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.50%	6.00%	0.80%
Core Fixed Income	-	2.19%	-	-
Core Bonds	1.00%	1.38%	1.00%	2.49%
Short-Term Bonds	-	1.00%	-	-
Intermediate-Term Bonds	11.20%	2.60%	11.20%	2.26%
Long-Term Bonds	-	3.23%	-	-
Mortgages	2.50%	2.84%	2.50%	2.17%
High Yield Bonds	5.50%	4.15%	5.50%	4.82%
Non-US Fixed Income	-	1.41%	-	-
Inflation-Indexed Bonds	2.50%	1.30%	2.50%	3.51%
Broad US Equities	25.90%	5.88%	25.90%	8.22%
Large Cap US Equities	-	5.62%	-	-
Mid Cap US Equities	-	6.39%	-	-
Small Cap US Equities	-	7.39%	-	-
Developed Foreign Equities	12.70%	6.05%	12.70%	8.12%
Emerging Market Equities	6.50%	8.90%	6.50%	9.91%
Private Equity	8.25%	9.15%	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	3.85%	12.25%	4.92%
Real Estate (Property)	3.20%	4.43%	3.20%	5.80%
Real Estate (REITS)	-	5.58%	-	-
Commodities	2.50%	3.60%	2.50%	5.35%
Long Credit Bonds	-	3.74%	-	-
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.68% and 4.95% for TPAF as of June 30, 2014 and 2013, respectively, and 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the net pension liability as of June 30, 2014 attributable to the School District is \$0 and the State's net pension liability attributable to the School District using a discount rate of 4.68%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability	<u>50,820,767</u>	<u>42,254,253</u>	<u>35,129,154</u>
	<u>\$ 50,820,767</u>	<u>\$ 42,254,253</u>	<u>\$35,129,154</u>

Public Employees' Retirement System (PERS)

The following presents the School District's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
School District's Proportionate Share of the Net Pension Liability	<u>\$ 6,192,876</u>	<u>\$ 4,922,662</u>	<u>\$ 3,856,005</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving postemployment medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2015, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs and post-retirement medical costs were \$437,218 and \$694,083, respectively.

Note 12: RISK MANAGEMENT

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

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

Note 13: DEFERRED COMPENSATION

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

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

Note 14: COMPENSATED ABSENCES

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

Note 14: COMPENSATED ABSENCES (CONT'D)

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, the liability for compensated absences reported on the government-wide statement of net position was \$296,614.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 154,863	
Special Revenue		\$ 151,494
Capital Projects		3,369
	<u>\$ 154,863</u>	<u>\$ 154,863</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2016, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Transfers:

<u>Transfer Out:</u>	<u>Transfer In:</u>	
	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
General Fund	\$ 65,053	\$ 735
Total Transfers	<u>\$ 65,053</u>	<u>\$ 735</u>

The principal purposes of fund transfers made during the fiscal year were for the local share of capital projects and preschool education aid.

Note 16: CONTINGENCIES

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

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

Note 17: CONCENTRATIONS

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

Note 18: COMMITMENTS

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2015 that are to continue into the subsequent fiscal year(s). These projects, which are related to the capital projects fund, are as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
Clayton High School Auditorium Addition and Roof Replacement	9/1/2014	\$ 8,241,243
Simmons Elementary School Gym Floor Replacement	9/1/2014	<u>216,990</u>
		<u>\$ 8,458,233</u>

Note 19: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$526,824 in the general fund and \$29,913 in the special revenue fund as of June 30, 2015 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$556,737 is less than the June state aid payments.

Note 20: FUND BALANCES**RESTRICTED**

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

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

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve 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, 2015 is \$283,588. Additionally, \$483,067 of excess fund balance generated during 2013-2014 has been restricted and designated for utilization in the 2015-2016 budget.

For Capital Reserve Account - As of June 30, 2015, the balance in the capital reserve account is \$166,229. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Capital Projects Fund - On October 21, 2014, the School District issued \$9,730,000 of general obligation bonds pursuant to: (i) Chapter 24 of Title 18A of the New Jersey Statutes, as amended and supplemented ("School Bond Law") and (ii) resolution adopted by the Board on January 22, 2015. The Bonds were authorized by a proposal adopted by the Board on October 21, 2014 and approved by the voters of the School District at a special election held on December 9, 2014. The bond issuance was approved by the voters for the auditorium addition and roof replacement at Clayton High School and the gym floor replacement at Simmons Elementary School. As of June 30, 2015, the restricted fund balance amount was \$8,458,233.

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, 2016 \$492,933 of general fund balance at June 30, 2015.

The School District has appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017, \$14,662 of general fund balance at June 30, 2015, resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the current fiscal year for reimbursement of previous fiscal year expenditures.

Other Purposes - As of June 30, 2015, the School District had \$68,869 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2015, \$(526,824) of general fund balance was unassigned.

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

Special Revenue Fund - As of June 30, 2015, the fund balance of the special revenue fund was a deficit of \$29,913, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 19, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$29,913 is less than the last state aid payment.

Note 21: RESTATEMENT OF PRIOR PERIOD NET POSITION

As indicated in note 1 to the financial statements, the School District adopted GASB Statement 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 Statement No. 68*, for the fiscal year ended June 30, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government-wide statement of activities was required to record the School District's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

	Net Position as Previously Reported <u>June 30, 2014</u>	GASB 68 Implementation			Net Position As Restated <u>June 30, 2014</u>
		Net Pension Liability (1)	Deferred Outflows (2)	Accounts Payable (3)	
Government Activities:					
Net Investment in Capital Assets	\$ 17,126,337				\$ 17,126,337
Reserve for:					
Debt Service	1,002				1,002
Other Purposes	1,686,654				1,686,654
Unrestricted (Deficit)	<u>(501,567)</u>	<u>\$(4,993,931)</u>	<u>\$ 216,751</u>	<u>\$(216,751)</u>	<u>(5,495,498)</u>
Total Net Position	<u>\$ 18,312,426</u>	<u>\$(4,993,931)</u>	<u>\$ 216,751</u>	<u>\$(216,751)</u>	<u>\$ 13,318,495</u>

- (1) Represents the School District's proportionate share of the Public Employees' Retirement System June 30, 2013 Net Pension Liability.
- (2) Represents the School District's beginning deferred outflow of resources for contributions subsequent to the measurement date, fiscal year 2013-2014 pension contribution paid.
- (3) Represents the School District's accounts payable for contributions subsequent to the measurement date, paid on April 1, 2015. The State of New Jersey Division of Pension and Benefits has an accounts receivable recorded in the PERS Plan Audit.

**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, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 7,711,155	\$	7,711,155	7,711,155	\$ 327
Other Local Government Units	64,000		64,000	344	344
Tuition - from Individual				377,448	153,448
Tuition - LEAs w/in state	224,000		224,000	4,104	4,104
Interest	92,000		92,000	203,640	111,640
Unrestricted Misc. Revenues	50		50	249	199
Interest Earned on Capital Reserve	12,200		12,200		(12,200)
Transportation Fees - from other LEAs within State					
Total - Local Sources	8,103,405		8,103,405	8,361,267	257,862
State Sources:					
School Choice Aid	96,785		96,785	96,785	
Equalization Aid	8,683,487		8,683,487	14,483	14,483
Nonpublic Transportation Aid				66,044	(23,956)
Extraordinary Aid	90,000		90,000	728,613	
Categorical Special Education Aid	728,613		728,613	171,822	
Categorical Security Aid	171,822		171,822	60,696	
Categorical Transportation Aid	60,696		60,696	77,145	(40,593)
Under Adequacy Aid	103,255	\$ 14,483	117,738	13,055	13,055
Per Pupil Growth Aid				13,055	13,055
PARCC Readiness Aid				437,218	437,218
On-Behalf T.P.A.F. - Pension Contributions (non-budgeted)				694,083	694,083
On-Behalf T.P.A.F. - Post Retirement Pension Contributions (non-budgeted)				619,810	619,810
Reimbursed T.P.A.F. - Social Security Contributions (non-budgeted)					
Total - State Sources	9,934,658	14,483	9,949,141	11,676,296	1,727,155
Federal Sources:					
Medicaid Reimbursement	35,547		35,547	102,974	67,427
Total - Federal Sources	35,547		35,547	102,974	67,427
Total Revenues	18,073,610	14,483	18,088,093	20,140,537	2,052,444

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information
General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool / Kindergarten	\$ 351,188	\$ 19,968	\$ 371,156	\$ 371,106	\$ 50
Grades 1-5	1,863,509	49,630	1,913,139	1,912,464	675
Grades 6-8	1,349,591	25,446	1,375,037	1,368,498	6,539
Grades 9-12	1,606,348	139,632	1,745,980	1,741,980	4,000
Regular Programs - Home Instruction:					
Salaries of Teachers	20,249	18,100	38,349	38,349	
Purchased Services	648	864	1,512	1,512	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	194,782	12,172	206,954	202,246	4,708
Purchased Professional / Educational Services	59,975	8,824	68,799	67,799	1,000
Purchased Professional and Technical Services	33,559	(11,933)	21,626	19,019	2,607
Other Purchased Services	7,800	4,830	12,630	9,635	2,995
General Supplies	211,253	244,381	455,634	435,156	20,478
Textbooks	13,110		13,110	9,350	3,760
Other Objects	5,000		5,000	4,000	1,000
Total Regular Programs	5,717,012	511,914	6,228,926	6,181,114	47,812
Special Education - Instruction:					
Behavioral Disabilities					
Salaries of Teachers	180,065	5,092	185,157	178,104	7,053
Other Salaries for Instruction	57,494	(18,059)	39,435	30,143	9,292
General Supplies	2,500		2,500	417	2,083
Total Behavioral Disabilities	240,059	(12,967)	227,092	208,664	18,428
Multiple Disabilities					
Salaries of Teachers	106,235	3,398	109,633	101,170	8,463
Other Salaries for Instruction	1,594	11,750	11,750	11,749	1
General Supplies			1,594	789	805
Total Multiple Disabilities	107,829	15,148	122,977	113,708	9,269
Resource Room / Resource Center:					
Salaries of Teachers	896,798	(48,945)	847,853	834,438	13,415
Other Salaries for Instruction	42,434	(9,854)	32,580	30,395	2,185
Total Resource Room / Resource Center	939,232	(58,799)	880,433	864,833	15,600

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
Current Expense (Cont'd)					
Home Instruction					
Salaries of Teachers	\$ 8,000	5,991	5,991	5,990	\$ 1
Purchase Professional - Educational Services		(366)	7,634	7,633	1
Total Home Instruction	8,000	5,625	13,625	13,623	2
Total Special Education - Instruction	1,295,120	(50,993)	1,244,127	1,200,828	43,299
Basis Skills / Remedial - Instruction					
Salaries of Teachers	81,172	38,608	119,780	119,780	
Total Basis Skills / Remedial - Instruction	81,172	38,608	119,780	119,780	
Bilingual Education - Instruction:					
Salaries of Teachers	49,406	2,398	51,804	49,012	2,792
Total Bilingual Education - Instruction	49,406	2,398	51,804	49,012	2,792
School Sponsored Cocurricular Activities - Instruction:					
Salaries	95,607	2,168	97,775	91,340	6,435
Purchased Services	3,500		3,500	3,500	
Supplies and Materials	3,500		3,500	3,500	
Other Objects - Cocurricular	2,000	325	2,325	2,325	
Total School Sponsored Cocurricular Activities - Instruction	104,607	2,493	107,100	100,665	6,435
School Sponsored Athletics - Instruction:					
Salaries	201,784	4,760	206,544	206,029	515
Purchased Services	64,706	(7,016)	57,690	57,399	291
Supplies and Materials	29,225		29,225	29,170	55
Other Objects	23,550		23,550	23,010	540
Total School Sponsored Athletics - Instruction	319,265	(2,256)	317,009	315,608	1,401
Instructional/Alternative Education Program - Instruction					
Salaries	23,040	12,452	35,492	35,492	
Total Instructional/Alternative Education Program - Instruction	23,040	12,452	35,492	35,492	
Total Instruction	7,589,622	514,616	8,104,238	8,002,499	101,739

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information
General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
Current Expense (Cont'd)					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	\$ 45,000	\$ (1,700)	\$ 43,300	\$ 13,789	\$ 29,511
Tuition to Other LEA's Within State - Special	158,601	(80,398)	78,203	66,036	12,167
Tuition To City Sch. - Reg	123,120	(30,000)	93,120	92,880	240
Tuition to CSSD & Reg. Day Schools	546,000	(84,632)	461,368	458,912	2,456
Tuition to Private Schools for the Disabled - Within State	300,392	(5,532)	294,860	288,731	6,129
Tuition - State Facilities	119,340	(37,029)	82,311	82,311	
Total Undistributed Expenditures - Instruction	1,292,453	(239,291)	1,053,162	1,002,659	50,503
Attendance and Social Work Services					
Supplies	52		52		52
Total Attendance and Social Work Services	52		52		52
Undistributed Expenditures - Health Services:					
Salaries	142,338	1,109	143,447	141,558	1,889
Purchased Professional and Technical Services	16,050	17,043	33,093	33,093	
Other Purchased Services	700	116	816	730	86
Supplies and Materials	4,400	(2,113)	2,287	2,254	33
Total Undistributed Expenditures - Health Services	163,488	16,155	179,643	177,635	2,008
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	69,697	48,616	118,313	118,312	1
Purchased Professional - Educational Services	163,048	(49,770)	113,278	76,191	37,087
Supplies and Materials	1,000	(250)	750	517	233
Total Undistributed Expenditures - Other Support Services - Students - Related Services	233,745	(1,404)	232,341	195,020	37,321
Undistributed Expenditures - Other Support Services - Students - Extraordinary:					
Salaries	109,220	(7,761)	101,459	99,658	1,801

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
Current Expense (Cont'd)					
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary	\$ 109,220	\$ (7,761)	\$ 101,459	\$ 99,658	\$ 1,801
Undistributed Expenditures - Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	427,016	2,245	429,261	423,137	6,124
Salaries of Secretarial and Clerical Assistants	30,587	4,139	34,726	34,726	
Purchased Professional - Educational Services	4,100	252	4,352	4,092	260
Other Purchased Professional and Technical Services	10,200	2,320	12,520	9,902	2,618
Other Purchased Services (400-500 series)	7,300	7,751	15,051	13,041	2,010
Supplies and Materials	7,967	(2,770)	5,197	617	4,580
Other objects	975	450	1,425	1,247	178
Total Undistributed Expenditures - Other Support Services - Students - Guidance	488,145	14,387	502,532	486,762	15,770
Undistributed Expenditures - Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	286,623	12,272	298,895	280,174	18,721
Salaries of Secretarial and Clerical Assistants	34,031	2,652	36,683	36,250	433
Other Salaries	1,200	71	1,271	652	619
Purchased Professional - Educational Services	95,300	5,390	100,690	92,068	8,622
Other Purchased Professional and Technical Services	13,780	(4,758)	9,022	6,888	2,134
Other Purchased Services	8,300		8,300	6,827	1,473
Supplies and Materials	4,000	250	4,250	4,241	9
Other Objects	1,225		1,225	1,225	
Total Undistributed Expenditures - Other Support Services - Students - Child Study Team	444,459	15,877	460,336	428,325	32,011

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
Current Expense (Cont'd)					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	\$ 96,492	\$	\$ 96,492	\$ 96,492	\$
Other Salaries	43,294	2,423	45,717	13,156	32,561
Purchased Professional / Education Services	23,338	(5,267)	18,071	6,502	11,569
Other Purch Prof. and Tech. Services	35,578	(6,962)	28,616	22,228	6,388
Other Purchased Services	4,500		4,500	2,904	1,596
Supplies and Materials	2,005		2,005	2,005	
Other Objects	4,525		4,525	3,159	1,366
Total Undistributed Expenditures - Improvement of Instruction Services	209,732	(9,806)	199,926	146,446	53,480
Undistributed Expend. - Educational Media Services / Sch Library:					
Salaries	50,886	(15)	50,871	50,871	
Salaries of Technology Coordinators	25,000	2,946	27,946	27,946	
Purchased Professional and Technical Services	500		500	65	435
Other Purchased Services	3,480		3,480	3,478	2
Supplies and Materials	3,300	(399)	2,901	2,028	873
Total Undistributed Expend. - Educational Media Services / Sch Library	83,166	2,532	85,698	84,388	1,310
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff		5,535	5,535		5,535
Purchased Professional-Education services	2,500	7,000	7,000	6,025	975
Other Purchased Services	72,450	8,516	11,016	11,016	
Supplies and Materials		(62,226)	10,224		10,224
Total Undistributed Expenditures - Instructional Staff Training Services:	74,950	(41,175)	33,775	17,041	16,734

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

EXPENDITURES (CONTD):	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd)					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 211,653	\$ (3,565)	\$ 208,088	\$ 207,904	\$ 184
Legal Services	25,000	(6,054)	18,946	18,945	1
Audit Fees	27,000	350	27,350	27,350	
Architectural/Engineering Services	5,000	(3,400)	1,600	1,600	
Other Purchased Professional Services	5,000	(900)	4,100	4,060	40
Purchased Technical Services	4,730	(690)	4,040	4,040	
Communications / Telephone	68,800	655	69,455	69,073	382
BOE Other Purchased Services	3,122	75	3,197	3,191	6
Other Purchased Services	92,755	11,425	104,180	103,392	788
General Supplies	6,000	(2,257)	3,743	3,306	437
Miscellaneous Expenditures	16,938	3,240	20,178	20,177	1
Total Undistributed Expenditures - Support Services - General Admin	465,998	(1,121)	464,877	463,038	1,839
Undistributed Expenditures - Support Services - School Admin:					
Salaries of Principals / Assistant Principals	530,683	(27,709)	502,974	494,002	8,972
Salaries of Other Professional Staff	242,613		242,613	242,363	250
Salaries of Secretarial and Clerical Assistants	154,352	15,719	170,071	169,395	676
Other Purchased Services (400-500 series)	1,080		1,080	45	1,035
Supplies and Materials	10,630	(620)	10,010	8,957	1,053
Other Objects	5,540	300	5,840	5,675	165
Total Undistributed Expenditures - Support Services - School Admin.	944,898	(12,310)	932,588	920,437	12,151

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information
General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
Current Expense (Cont'd)					
Undistributed Expenditures - Central Services					
Salaries	\$ 208,583	\$ (525)	\$ 208,058	\$ 206,583	\$ 1,475
Purchased Professional Services	2,280	445	2,725	2,367	358
Purchased Technical Services	15,620	9,147	24,767	24,550	217
Miscellaneous Purchased Services	500	61	561	561	
Supplies and Materials	4,750	881	5,631	4,703	928
Other Object	990		990	990	
Total Undistributed Expenditures - Central Services	232,723	10,009	242,732	239,754	2,978
Undistributed Expenditures - Admin. Info. Technology					
Salaries	64,575		64,575	64,575	
Purchased Professional Services	2,100	(80)	2,020	2,020	
Purchased Technical Services	6,900	(245)	6,655	6,655	
Other Purchased Services	150	760	910	910	
Supplies and Materials	22,000	8,882	30,882	30,472	410
Total Undistributed Expenditures - Admin. Info. Technology	95,725	9,317	105,042	104,632	410
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	124,404	(11,991)	112,413	112,413	
Cleaning, Repair and Maintenance Services	35,900	11,767	47,667	47,334	333
General Supplies	14,000	(3,977)	10,023	10,022	1
Total Undistributed Expenditures - Required Maintenance for School Facilities	174,304	(4,201)	170,103	169,769	334

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
Current Expense (Cont'd)					
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	\$ 338,421	\$ 9,077	\$ 347,498	\$ 315,988	\$ 31,510
Salaries of Non-Instructional Aides	78,131	268	78,399	78,398	1
Cleaning, Repair and Maintenance Services	23,500.00	1,001	24,501	24,501	
Other Purchased Services	32,615	(3,627)	28,988	28,987	1
Insurance	50,225	7,205	57,430	57,423	7
General Supplies	37,500	2,379	39,879	39,196	683
Energy (Heat and Electricity)	531,150	56,428	587,578	579,532	8,046
Other Objects	185		185	175	10
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	1,091,727	72,731	1,164,458	1,124,200	40,258
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	37,713	(439)	37,274	37,274	
General Supplies	13,000	443	13,443	13,443	
Total Undistributed Expenditures - Care & Upkeep Grounds	50,713	4	50,717	50,717	
Undistributed Expenditures - Security					
Salaries	79,241	(7,129)	72,112	71,751	361
Total Undistributed Expenditures - Security	79,241	(7,129)	72,112	71,751	361

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
Current Expense (Cont'd)	\$	\$	\$	\$	\$
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	51,953	4,044	55,997	55,506	491
Sal for Pupil Trans (Bet Home & Sch) - Reg.	118,924	15,694	134,618	134,102	516
Sal for Pupil Trans (Bet Home & Sch) - Sp Ed	50,178	(17,609)	32,569	32,568	1
Sal for Pupil Trans (Other than Bet. Home & Sch)	15,000	(5,174)	9,826	9,825	1
Sal for Pupil Trans (Bet Home & Sch) - NonPublic Sch	22,932	(7,640)	15,292	7,964	7,328
Other Purchased Professional / Technical Services	31,960	936	32,896	32,895	1
Cleaning, Repair and Maintenance Services	27,000	15,895	42,895	42,895	
Lease Purchase Payments - School Buses	14,151		14,151	14,150	1
Contracted Services - Aid in Lieu of Payments - NonPub Sch	35,244	1,442	36,686	36,686	
Contracted Services - (Other than Bet Home & Sch) - Vendors	12,000	7,469	19,469	17,288	2,181
Contracted Services - (Between Home and School) - Joint Agreements	117,620	(117,588)	32		32
Contracted Services (Special Education Students) - Joint Agreements	357,879	103,999	461,878	423,732	38,146
Contracted Services - Aid in Lieu of Payments		884	884		
Miscellaneous Purchased Services - Transportation	19,621	1,205	20,826	20,801	25
Supplies and Materials	500	4,915	5,415	5,037	378
Transportation Supplies	71,351	(9,740)	61,611	44,165	17,446
Miscellaneous Expenditures	500	298	798	793	5
Total Undistributed Expenditures - Student Transportation Services	946,813	(970)	945,843	879,291	66,552
Unallocated Benefits:					
Social Security Contributions	242,173	30,760	272,933	256,195	16,738
Other Retirement Contributions - Regular	258,970	(17,667)	241,303	236,012	5,291
Unemployment Compensation	36,000	7,362	43,362	43,362	
Workman's Compensation	135,327	(17,091)	118,236	117,696	540
Health Benefits	3,222,522	(67,154)	3,155,368	3,102,727	52,641
Tuition Reimbursement	30,000		30,000	29,637	363
Other Employee Benefits	89,000	63,282	152,282	99,927	52,355
Total Unallocated Benefits	4,013,992	(508)	4,013,484	3,885,556	127,928

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Required Supplementary Information
General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2015

EXPENDITURES (CONTD):

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd)					
On-behalf T.P.A.F. Pension Contributions (non-budgeted)				\$ 437,218	\$ (437,218)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				619,810	(619,810)
On-behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				694,083	(694,083)
Total On-behalf Contributions				1,751,111	(1,751,111)
Total Undistributed Expenditures	\$ 11,195,544	\$ (184,664)	\$ 11,010,880	12,298,190	(1,287,310)
Total Current Expense	18,785,166	329,952	19,115,118	20,300,689	(1,185,571)
Capital Outlay:					
Interest Deposit to Capital Reserve	50	(50)			
Equipment:					
Grades 9-12		2,374	2,374	2,374	
Undistributed Expenditures:					
Admin Information Technology	13,270	20,789	20,789	19,878	911
Grounds Equipment		(6,770)	6,500	6,377	123
School Bus - Regular		39,000	39,000	39,000	
Total Equipment	13,270	55,393	68,663	67,629	1,034
Facilities Acquisition and Construction Services					
Lease Purchase Payment - Principal	67,984		67,984	67,984	
Other Objects	3,456		3,456	3,456	
Assessment for Debt Service on SDA Funding	156,872		156,872	156,872	
Total Facilities Acquisition and Construction Services	228,312		228,312	228,312	
Total Capital Outlay	241,632	55,343	296,975	295,941	1,034
Transfer of Funds to Charter Schools	19,366		19,366	14,268	5,098
Total Expenditures	19,046,164	385,295	19,431,459	20,610,898	(1,179,439)

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	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	\$ (972,554)	\$ (370,812)	\$ (1,343,366)	\$ (470,361)	\$ 873,005
Other Financing Sources (Uses):					
Local Contribution - Transfer to Special Revenue Fund - Regular	(45,216)		(45,216)	(45,216)	
Local Contribution - Transfer to Special Revenue Fund - Inclusion	(19,837)		(19,837)	(19,837)	
Operating Transfer - Capital Projects				(735)	(735)
Total Other Financing Sources (Uses)	(65,053)		(65,053)	(65,788)	(735)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,037,607)	(370,812)	(1,408,419)	(536,149)	872,270
Fund Balances, July 1	(1,364,803)		(1,305,296)	2,438,492	3,743,788
Fund Balances, June 30	<u>(2,402,410)</u>	<u>(370,812)</u>	<u>(2,713,715)</u>	<u>1,902,343</u>	<u>\$ 4,616,058</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 166,229	
Excess Surplus				283,588	
Excess Surplus--Designated for Subsequent Year's Expenditures				483,067	
Assigned:					
Other Purposes				68,869	
Designated for Subsequent Year's Expenditures				507,595	
Unassigned				392,995	
			1,902,343		
Reconciliation to Governmental Funds Statements(GAAP):					
Last 14-15 State Aid Payment Not Recognized on GAAP Basis			(919,819)		
			<u>\$ 982,524</u>		

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources					
CCC Grant	\$ 281,461	\$ 31,538	\$ 312,999	\$ 294,438	\$ (18,561)
Other Local Grants		44,026	44,026	20,622	(23,404)
Preschool Tuition	18,000		18,000	15,668	(2,332)
Total - Local Sources	<u>299,461</u>	<u>75,564</u>	<u>375,025</u>	<u>330,728</u>	<u>(44,297)</u>
State Sources:					
NJ Non-Public Nursing	18,528	3,667	22,195	22,195	
NJ Non-Public Textbook Aid	12,865	1,077	13,942	13,671	(271)
NJ Non-Public Technology	4,800	2,688	7,488	7,486	(2)
NJ Home Instruction				2,456	2,456
Chapter 192 - Auxiliary Services	79,537	26,783	106,320	102,342	(3,978)
Chapter 193 - Handicapped Services	102,273	26,343	128,616	96,355	(32,261)
Preschool Education Aid	304,130		304,130	292,096	(12,034)
School Based Youth Service Program	228,704	7,692	236,396	234,937	(1,459)
Family Friendly Center	45,463		45,463	41,431	(4,032)
Total - State Sources	<u>796,300</u>	<u>68,250</u>	<u>864,550</u>	<u>812,969</u>	<u>(51,581)</u>
Federal Sources:					
Title I	374,579	98,399	472,978	401,762	(71,216)
Title IIA	36,836	17,772	54,608	42,306	(12,302)
Title III	10,289	6,394	16,683	14,878	(1,805)
I.D.E.I.A., Part B	314,495	112,604	427,099	422,936	(4,163)
I.D.E.I.A., Part B, Preschool Incentive		21,062	21,062	21,062	
Race to the Top		21,253	21,253	17,432	(3,821)
IIS Grant		149,635	149,635	141,779	(7,856)
Mentoring Grant		7,026	7,026	7,026	
Total - Federal Sources	<u>736,199</u>	<u>434,145</u>	<u>1,170,344</u>	<u>1,069,181</u>	<u>(101,163)</u>
Total Revenues	<u>1,831,960</u>	<u>577,959</u>	<u>2,409,919</u>	<u>2,212,878</u>	<u>(197,041)</u>

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 910,737	\$ (390,770)	\$ 519,967	\$ 514,364	\$ 5,603
Other Salaries for Instruction	37,473	110,880	148,353	112,906	35,447
Purchased Professional and Technical Services	124,960	85,449	210,409	204,563	5,846
Other Purchased Services	3,850	10,154	14,004	12,718	1,286
General Supplies	30,171	38,040	68,211	41,241	26,970
Tuition	314,495	59,137	373,632	371,725	1,907
Other Objects	500.00		500		500
Total Instruction	1,422,186	(87,110)	1,335,076	1,257,517	77,559
Support Services:					
Salaries Personal Services	84,120	348,734	432,854	412,395	20,459
Personal Services - Employee Benefits	140,705	90,271	230,976	206,925	24,051
Purchased Professional - Educational Services	216,903	78,895	295,798	256,539	39,259
Other Purchased Services (400-500 series)		16,662	16,662	12,219	4,443
Supplies and Materials	13,722	123,106	136,828	114,234	22,594
Other Objects	19,377	7,401	26,778	18,102	8,676
Total Support Services	474,827	665,069	1,139,896	1,020,414	119,482
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	1,897,013	577,959	2,474,972	2,277,931	197,041
Other Financing Sources (Uses):					
Transfer from Operating Budget - Pre K	65,053		65,053	65,053	
Total Outflows	1,831,960	577,959	2,409,919	2,212,878	197,041
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ (394,082)

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2015

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	\$ 20,140,537	\$ 2,212,878
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		(6,268)
Prior Year		14,641
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)	923,169	28,379
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)	<u>(919,819)</u>	<u>(29,913)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 20,143,887</u>	<u>\$ 2,219,716</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 20,610,898	\$ 2,277,931
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(6,268)
Prior Year		14,641
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 20,610,898</u>	<u>\$ 2,286,303</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0262924299%	0.0261298390%
School District's Proportionate Share of the Net Pension	\$ 4,922,662.00	\$ 4,993,931.00
School District's Covered-Employee Payroll	\$ 1,706,336.00	\$ 1,842,078.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Emp	288.49%	271.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

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

	<u>Fiscal Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 209,621	\$ 216,751
Contributions in Relation to the Contractually Required Contribution	<u>(209,621)</u>	<u>(216,751)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 1,719,534	\$ 1,706,336
Contributions as a Percentage of School District's Covered-Employee Payroll	12.19%	12.70%

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

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

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	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>
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>42,254,253</u>	<u>39,378,966</u>
	<u>\$ 42,254,253</u>	<u>\$ 39,378,966</u>
School District's Covered-Employee Payroll	\$ 8,024,037	\$ 7,838,116
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	526.60%	502.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

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

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2015

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	Chapter 192				Chapter 193				Total Carried Forward
	Total	Other Local Grants	CCC Grant	Nonpublic Compensatory Education	Nonpublic E.S.L.	Nonpublic Transportation	Nonpublic Examination and Classification	Nonpublic Corrective Speech	
REVENUES:									
Federal Sources	\$ 1,069,181								\$ 1,069,181
Slate Sources	812,969								614,272
Local Sources	330,728	\$ 20,622	\$ 294,438	\$ 84,384	\$ 3,380	\$ 14,578	\$ 40,641	\$ 16,636	15,668
Total Revenues	\$ 2,212,878	\$ 20,622	\$ 294,438	\$ 84,384	\$ 3,380	\$ 14,578	\$ 40,641	\$ 16,636	\$ 1,699,121
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 514,364		\$ 66,462						\$ 447,902
Other Salaries for Instruction	112,906								112,906
Purchased Professional and Technical Services	204,563		124,960						79,603
Other Purchased Services	12,718	\$ 5,769	511						6,438
General Supplies	41,241	3,390	7,401						30,450
Tuition									371,725
Textbooks									
Total Instruction	1,257,517	9,159	199,334						1,049,024
Support Services:									
Salaries Personal Services	412,395	10,280	87,954						314,161
Personal Services - Employee Benefits	206,925		5,865						201,060
Purchased Professional - Educational Services	256,539			\$ 84,384	\$ 3,380	\$ 14,578	\$ 40,641	\$ 16,636	57,842
Purchased Technical Services									
Other Purchased Services (400-500 series)	12,219	1,034	1,285						10,934
Supplies and Materials	114,234	149							113,200
Other Objects	18,102								17,953
Total Support Services	1,020,414	11,463	95,104	84,384	3,380	14,578	40,641	16,636	715,150
Facilities Acquisition and Construction Services:									
Instructional Equipment									
Total Facilities Acquisition and Construction Services									
Total Expenditures	2,277,931	20,622	294,438	84,384	3,380	14,578	40,641	16,636	1,764,174
Other Financing Sources (Uses):									
Transfer from Operating Budget - Pre K	65,053								65,053
Total Outflows	2,212,878	20,622	294,438	84,384	3,380	14,578	40,641	16,636	1,699,121
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	Total Carried Forward	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Home Instruction	Preschool Education Aid	School Based Youth Service Program Clayton Place	Family Friendly Center	Total Brought Forward
REVENUES:									
Federal Sources	\$ 1,069,181								\$ 1,069,181
State Sources	614,272	\$ 13,671	\$ 22,195	\$ 7,486	\$ 2,456	\$ 292,096	\$ 234,937	\$ 41,431	-
Local Sources	15,668					15,668			-
Total Revenues	\$ 1,699,121	\$ 13,671	\$ 22,195	\$ 7,486	\$ 2,456	\$ 307,764	\$ 234,937	\$ 41,431	\$ 1,069,181
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 447,902					\$ 218,894			\$ 229,008
Other Salaries for Instruction	112,906					36,387			76,519
Purchased Professional and Technical Services	79,603			\$ 374	\$ 2,456				76,773
Other Purchased Services	6,438					650			5,788
General Supplies	30,450			7,112		10,783			12,555
Tuition	371,725								371,725
Textbooks	-								
Total Instruction	1,049,024	-	-	7,486	2,456	266,714	-	-	772,368
Support Services:									
Salaries Personal Services	314,161								100,950
Personal Services - Employee Benefits	201,060							\$ 35,425	66,220
Purchased Professional - Educational Services	57,842	\$ 13,671	\$ 22,195			106,103	\$ 177,786	1,973	18,276
Purchased Technical Services	-						3,700		-
Other Purchased Services (400-500 series)	10,934						12,217	1,496	10,934
Supplies and Materials	113,200						14,470	2,537	99,487
Other Objects	17,953								946
Total Support Services	715,150	13,671	22,195	-	-	106,103	234,937	41,431	296,813
Facilities Acquisition and Construction Services:									
Instructional Equipment	-								-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-
Total Expenditures	1,764,174	13,671	22,195	7,486	2,456	372,817	234,937	41,431	1,069,181
Other Financing Sources (Uses):									
Transfer from Operating Budget - Pre K	65,053					65,053			
Total Outflows	1,699,121	13,671	22,195	7,486	2,456	307,764	234,937	41,431	1,069,181
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

BOROUGH OF CLAYTON SCHOOL DISTRICT

Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	Total Carried Forward	Title I Part A	Title II Part A	Title III	I.D.E.I.A. Part B Basic	I.D.E.I.A. Preschool	Race to the Top	IIS Grant	Mentoring Grant
REVENUES:									
Federal Sources	\$ 1,069,181	\$ 401,762	\$ 42,306	\$ 14,878	\$ 422,936	\$ 21,062	\$ 17,432	\$ 141,779	\$ 7,026
State Sources	-	-	-	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 1,069,181	\$ 401,762	\$ 42,306	\$ 14,878	\$ 422,936	\$ 21,062	\$ 17,432	\$ 141,779	\$ 7,026
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 229,008	\$ 207,452	\$ 21,556						
Other Salaries for Instruction	76,519	32,311		\$ 6,308				\$ 37,900	
Purchased Professional and Technical Services	76,773	500		6,000	\$ 70,273				
Other Purchased Services	5,788		235					5,553	
General Supplies	12,555	7,985		2,570	2,000				
Tuition	371,725				350,663				
Textbooks									
Total Instruction	772,368	248,248	21,791	14,878	422,936	21,062	-	43,453	-
Support Services:									
Salaries Personal Services	100,950	88,185					\$ 6,932		\$ 5,833
Personal Services - Employee Benefits	66,220	61,414	4,806						
Purchased Professional - Educational Services	18,276	3,915	14,361						
Purchased Technical Services									
Other Purchased Services (400-500 series)	10,934		434				10,500		747
Supplies and Materials	99,487		414						446
Other Objects	946		500						
Total Support Services	296,813	153,514	20,515				17,432	98,326	7,026
Facilities Acquisition and Construction Services:									
Instructional Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-
Total Expenditures	1,069,181	401,762	42,306	14,878	422,936	21,062	17,432	141,779	7,026
Other Financing Sources (Uses):									
Transfer from Operating Budget - Pre K	-	-	-	-	-	-	-	-	-
Total Outflows	1,069,181	401,762	42,306	14,878	422,936	21,062	17,432	141,779	7,026
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF CLAYTON SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction			
Salaries of Teachers	\$ 221,907	\$ 218,894	\$ 3,013
Other Salaries for Instruction	37,473	36,387	1,086
Other Purchased Services	3,200	650	2,550
Supplies	15,668	10,783	4,885
Other Objects	500		500
	<u>278,748</u>	<u>266,714</u>	<u>12,034</u>
Total instruction			
Support services			
Personal Services - Employee Benefits	<u>106,103</u>	<u>106,103</u>	<u>-</u>
Total support services	<u>106,103</u>	<u>106,103</u>	<u>-</u>
Total expenditures	<u>\$ 384,851</u>	<u>\$ 372,817</u>	<u>\$ 12,034</u>

Calculation of Budget and Carryover

Total Revised 2014-2015 Preschool Education Aid Allocation	\$ 299,130
Add: Actual ECPA Carryover (June 30, 2014)	6,026
Add: Budgeted Local Revenue	18,000
Add: Budgeted Transfer from the General Fund 2013-14	<u>65,053</u>
Total Preschool Education Aid Funds Available for 2014-15 Budget	388,209
Less: 2014-15 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(387,183)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2015	1,026
Add: 2014-15 Unexpended Preschool Education Aid	12,034
Less: 2014-15 Commissioner Approved Transfer to General Fund	<u>-</u>
2014-2015 Carryover -- Preschool Education Aid	<u>\$ 13,060</u>
2014-2015 Preschool Education Aid Carryover Budgeted in 2015-16	<u>\$ 6,026</u>

CAPITAL PROJECTS FUND

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2015

<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, 2015</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Clayton High School Auditorium Addition and Roof Replacement	9/1/2014	\$ 9,015,046		\$ 773,803	\$ 8,241,243
Simmons Elementary School Gym Floor Replacement	9/1/2014	715,689		498,699	216,990
Total		<u>\$ 9,730,735</u>	-	<u>\$ 1,272,502</u>	<u>\$ 8,458,233</u>
Restricted For:					
Encumbrances					\$ 522,745
Designated for Subsequent Years Expenditures					<u>7,935,488</u>
					<u>\$ 8,458,233</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Revenue, Expenditure, and Change in Fund Balances
 For the Fiscal Year Ended June 30, 2015

Revenues and Other Financing Source:

State Sources - SDA Grant	
Bond Proceeds and Transfers	\$ 9,730,000
Contribution from Private Source	735
Transfer from Capital Reserve	
Transfer from Capital Outlay	
	<hr/>
Total Revenues	<u>9,730,735</u>

Expenditures and Other Financing Use:

Purchased Professional and Technical Services	377,523
Land and Improvements	-
Construction Services	777,742
Equipment Purchases	117,237
	<hr/>
Total Expenditures	<u>1,272,502</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	8,458,233
Fund Balance - July 1	<hr/> -
Fund Balance - June 30	<u>\$ 8,458,233</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Capital Projects Fund
 Statement of Project Revenues, Expenditures, Project Balance and Project Status
 Clayton High School Auditorium Addition and Roof Replacement
 From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant			-	-
Bond Proceeds and Transfers		\$ 9,014,311	\$ 9,014,311	\$ 9,014,311
Contribution from Private Source		735	735	735
Transfer from Capital Reserve			-	-
Transfer from Capital Outlay			-	-
Total Revenues	-	9,015,046	9,015,046	9,015,046
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		359,910	359,910	805,195
Land and Improvements			-	-
Construction Services		296,800	296,800	7,093,553
Equipment Purchases		117,093	117,093	1,116,298
Total Expenditures	-	773,803	773,803	9,015,046
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 8,241,243	\$ 8,241,243	\$ -
Encumbered			\$ 379,774	
Designated for Subsequent Years Expenditures			7,861,469	
			<u>\$ 8,241,243</u>	
Additional Project Information:				
Project Number	0860-030-15-100			
Grant Date	N/A			
Bond Authorization Date	October 21, 2014			
Bonds Authorized	\$ 9,014,311			
Bonds Issued	\$ 9,014,311			
Original Authorized Cost	\$ 9,015,046			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 9,015,046			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	10%			
Original Target Completion Date	December 31, 2016			
Revised Target Completion Date	N/A			

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Capital Projects Fund
 Statement of Project Revenues, Expenditures, Project Balance and Project Status
 Simmons Elementary School Gym Floor Replacement
 From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant			-	-
Bond Proceeds and Transfers		\$ 715,689	\$ 715,689	\$ 715,689
Contribution from Private Source			-	-
Transfer from Capital Reserve			-	-
Transfer from Capital Outlay			-	-
Total Revenues	-	715,689	715,689	715,689
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		17,613	17,613	83,016
Land and Improvements			-	-
Construction Services		480,942	480,942	623,915
Equipment Purchases		144	144	8,758
Total Expenditures	-	498,699	498,699	715,689
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 216,990	\$ 216,990	\$ -
Encumbered			\$ 142,971	
Designated for Subsequent Years Expenditures			74,019	
			<u>\$ 216,990</u>	
Additional Project Information:				
Project Number	0860-030-15-100			
Grant Date	N/A			
Bond Authorization Date	October 21, 2014			
Bonds Authorized	\$ 715,689			
Bonds Issued	\$ 715,689			
Original Authorized Cost	\$ 715,689			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 715,689			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	90%			
Original Target Completion Date	September 30, 2015			
Revised Target Completion Date	N/A			

PROPRIETARY FUNDS

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Proprietary Fund
 Statement of Net Position
 June 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 185,640
Accounts Receivable:	
State	418
Federal	23,554
Inventories	<u>4,743</u>
Total Current Assets	<u>214,355</u>
Noncurrent Assets:	
Equipment	273,110
Less Accumulated Depreciation	<u>226,225</u>
Total Noncurrent Assets	<u>46,885</u>
Total Assets	<u>261,240</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>12,254</u>
Total Current Liabilities	<u>12,254</u>
NET POSITION:	
Net Investment in Capital Assets	46,885
Unrestricted	<u>202,101</u>
Total Net Position	<u>\$ 248,986</u>

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 103,946
Daily Sales - Non-Reimbursable Programs	104,805
Special Functions	4,493
	213,244
Total Operating Revenues	
	213,244
OPERATING EXPENSES:	
Salaries	239,396
Employee Benefits	54,122
Supplies and Materials	27,942
Cost of Sales	273,812
Management Fee	37,455
Repair and Maintenance	6,647
Depreciation	10,330
	649,704
Total Operating Expenses	
	649,704
Operating Income (Loss)	(436,460)
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	6,843
Federal Sources:	
Healthy Hunger Free Kids Program	8,093
Special Milk Program	2,265
National School Lunch Program	294,801
School Breakfast Program	64,339
United States Department of Agriculture Commodities	43,678
Interest and Investment Revenue	366
	420,385
Total Nonoperating Revenues	
	420,385
Change in Net Position	(16,075)
Total Net Position -- July 1	265,061
Total Net Position -- June 30	\$ 248,986

BOROUGH OF CLAYTON SCHOOL DISTRICT
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 213,971
Payments to Employees	(239,396)
Payments for Employee Benefits	(54,122)
Payments to Suppliers	(311,946)
Net Cash Provided by (used for) Operating Activities	(391,493)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	377,808
Net Cash Provided by (used for) Non-Capital Financing Activities	377,808
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends	366
Net Cash Provided by (used for) Investing Activities	366
Net Increase (Decrease) in Cash and Cash Equivalents	(13,319)
Cash and Cash Equivalents -- July 1	198,959
Cash and Cash Equivalents -- June 30	\$ 185,640
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (436,460)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	10,330
Federal Commodities	43,678
(Increase) Decrease in Inventories	(1,471)
Increase (Decrease) in Other Current Liabilities	(7,570)
Total Adjustments	44,967
Net Cash Provided by (used for) Operating Activities	\$ (391,493)

FIDUCIARY FUNDS

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2015

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Private Purpose Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 4,709	\$ 154,418	\$ 166,940	\$ 326,067
Total Assets	<u>4,709</u>	<u>\$ 154,418</u>	<u>\$ 166,940</u>	<u>\$ 326,067</u>
LIABILITIES:				
Payable to Student Groups		\$ 154,418		\$ 154,418
Payroll Deductions and Withholdings			\$ 166,940	\$ 166,940
Total Liabilities		<u>\$ 154,418</u>	<u>\$ 166,940</u>	<u>321,358</u>
NET POSITION:				
Held in Trust for Other Purposes	<u>\$ 4,709</u>			<u>\$ 4,709</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2015

	Private Purpose Scholarship <u>Fund</u>
ADDITIONS:	
Investment Earnings	
Interest	\$ 8
Net Investment Earnings	8
Total Additions	8
DEDUCTIONS:	
Scholarship Payments	650
Total Deductions	650
Change in Net Position	(642)
Net Position-- July 1	5,351
Net Position -- June 30	\$ 4,709

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Herma Simmons Elementary School	\$ 13,379	\$ 13,996	\$ 15,347	\$ 12,028
Clayton High School	<u>120,400</u>	<u>340,451</u>	<u>318,461</u>	<u>142,390</u>
Total All Schools	<u>\$ 133,779</u>	<u>\$ 354,447</u>	<u>\$ 333,808</u>	<u>\$ 154,418</u>

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 147,780	\$ 13,428,565	\$ 13,409,405	\$ 166,940
Total Assets	<u>\$ 147,780</u>	<u>\$ 13,428,565</u>	<u>\$ 13,409,405</u>	<u>\$ 166,940</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 147,780	\$ 13,428,565	\$ 13,409,405	\$ 166,940
Total Liabilities	<u>\$ 147,780</u>	<u>\$ 13,428,565</u>	<u>\$ 13,409,405</u>	<u>\$ 166,940</u>

LONG-TERM DEBT

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2015

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u> <u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
Serial Bonds:									
Refunding School Bonds	3/1/04	\$ 5,120,000				\$ 625,000		\$ 625,000	
School Bond - Series 2010	1/28/10	10,017,000	9/1/15	\$ 295,000	3.250%	9,717,000		100,000	9,617,000
			9/1/16	305,000	3.250%				
			9/1/17	325,000	3.250%				
			9/1/18	340,000	3.500%				
			9/1/19	355,000	3.750%				
			9/1/20	370,000	3.750%				
			9/1/21	390,000	3.750%				
			9/1/22	410,000	3.750%				
			9/1/23	430,000	4.000%				
			9/1/24	450,000	4.000%				
			9/1/25	475,000	4.000%				
			9/1/26	495,000	4.000%				
			9/1/27	520,000	4.000%				
			9/1/28	545,000	4.000%				
			9/1/29	575,000	4.000%				
			9/1/30	600,000	4.000%				
			9/1/31	630,000	4.125%				
			9/1/32	665,000	4.250%				
			9/1/33	695,000	4.375%				
			9/1/34	747,000	4.375%				
School Bond - Series 2015	3/18/15	9,730,000	3/1/17	300,000	3.000%		\$ 9,730,000		9,730,000
			3/1/18	270,000	3.000%				
			3/1/19	285,000	3.000%				
			3/1/20	295,000	3.000%				
			3/1/21	310,000	3.000%				
			3/1/22	320,000	3.125%				
			3/1/23	330,000	3.125%				
			3/1/24	340,000	3.125%				
			3/1/25	355,000	3.125%				
			3/1/26	370,000	3.125%				
			3/1/27	385,000	3.125%				
			3/1/28	400,000	3.125%				
			3/1/29	415,000	3.125%				
			3/1/30	430,000	3.125%				
			3/1/31	445,000	3.125%				
			3/1/32	455,000	3.125%				
			3/1/33	465,000	3.125%				
			3/1/34	480,000	3.250%				
			3/1/35	490,000	3.250%				
			3/1/36	500,000	3.250%				
			3/1/37	515,000	3.375%				
			3/1/38	525,000	3.500%				
			3/1/39	525,000	4.000%				
			3/1/40	525,000	4.000%				
						\$ 10,342,000	\$ 9,730,000	\$ 725,000	\$ 19,347,000

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Debt Service Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 847,062		\$ 847,062	\$ 847,062	
State Sources:					
Debt Service Aid Type II	279,744		279,744	279,744	
Total Revenues	1,126,806		1,126,806	1,126,806	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	402,807		402,807	402,808	\$ (1)
Redemption of Principal	725,000		725,000	725,000	
Total Regular Debt Service	1,127,807		1,127,807	1,127,808	(1)
Total Expenditures	1,127,807		1,127,807	1,127,808	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,001)		(1,001)	(1,002)	(1)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1,001)		(1,001)	(1,002)	(1)
Fund Balance, July 1	1,001		1,001	1,002	1
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -
Recapitulation:					
Reserved Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -

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.									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net Investment in Capital Assets	\$ 8,425,051	\$ 17,126,337	\$ 17,369,817	\$ 16,944,785	\$ 13,399,931	\$ (1,288,491)	\$ 7,719,147	\$ 7,555,524	\$ 7,141,593	\$ 6,838,239
Restricted	9,898,712	1,687,656	2,081,430	1,709,166	6,436,824	1,929,955	2,796,666	1,907,329	987,567	1,046,421
Unrestricted	(5,819,464)	(501,667)	(833,979)	(737,000)	(625,526)	17,993,256	(824,687)	(455,947)	44,040	(386,243)
Total Governmental Activities Net Position	\$ 12,504,299	\$ 18,312,426	\$ 18,617,268	\$ 17,916,951	\$ 19,211,229	\$ 18,634,720	\$ 9,691,126	\$ 9,006,906	\$ 8,173,200	\$ 7,498,417
Business-type Activities										
Net Investment in Capital Assets	\$ 46,885	\$ 57,215	\$ 71,852	\$ 148,799	\$ 64,418	\$ 30,263	\$ 30,667	\$ 18,987	\$ 16,723	\$ 15,793
Restricted	202,101	207,846	130,965	89,777	155,553	172,716	110,739	73,759	33,634	54,286
Total Business-type Activities Net Position	\$ 248,986	\$ 265,061	\$ 202,817	\$ 238,576	\$ 219,971	\$ 202,979	\$ 141,406	\$ 92,746	\$ 50,357	\$ 70,079
District-wide										
Net Investment in Capital Assets	\$ 8,471,936	\$ 17,183,552	\$ 17,441,669	\$ 17,093,584	\$ 13,464,349	\$ (1,258,228)	\$ 7,749,814	\$ 7,574,511	\$ 7,158,316	\$ 6,854,032
Restricted	9,898,712	1,687,656	2,081,430	1,709,166	6,436,824	1,929,955	2,796,666	1,953,062	987,567	1,046,421
Unrestricted	(5,617,363)	(283,721)	(703,014)	(647,223)	(469,973)	18,165,972	(713,948)	(382,188)	77,674	(331,957)
Total District-wide Net Position	\$ 12,753,285	\$ 18,577,487	\$ 18,820,085	\$ 18,155,527	\$ 19,431,200	\$ 18,837,699	\$ 9,832,532	\$ 9,145,385	\$ 8,223,557	\$ 7,568,496

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

Source: District Records

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

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 7,361,734	\$ 9,418,124	\$ 8,895,815	\$ 8,511,190	\$ 7,249,196	\$ 7,896,392	\$ 7,464,236	\$ 7,033,982	\$ 6,429,561	\$ 5,841,902
Special Education	1,546,803	2,245,943	2,125,994	2,320,908	1,860,147	1,274,326	747,639	766,099	731,573	767,038
Other Special Education							283,056	200,215	309,974	327,779
Other Instruction	757,159	865,437	691,470	869,407	794,398	923,740	742,056	744,318	600,716	577,811
Nonpublic School Programs						2,015	6,250	3,425	5,280	8,248
Support Services:										
Tuition	1,374,384	1,012,585	1,412,073	1,638,314	1,780,612	1,871,665	1,364,551	1,048,060	1,110,786	1,182,343
Student & Instruction Related Services	2,607,540	3,374,956	3,778,608	3,916,950	4,004,377	3,792,332	3,146,104	2,952,633	2,631,747	2,099,236
General Administrative Services	463,038	427,067	384,920	453,296	400,642	946,867	944,063	994,427	882,064	732,776
School Administrative Services	1,009,556	1,905,491	1,862,950	1,767,181	1,489,295	1,005,419	952,499	1,006,827	947,019	908,414
Central Services	262,988									
Administrative Information Technology	114,762									
Plant Operations and Maintenance	1,553,580	2,244,318	2,081,648	2,112,102	1,661,055	1,693,575	1,707,377	1,647,113	1,574,849	1,472,483
Pupil Transportation	879,291	800,164	822,445	880,756	687,844	1,121,077	997,656	889,532	806,578	1,043,475
Unallocated Benefits	5,898,914									
Interest on Long-term Debt	474,777	420,347	384,664	471,521	513,331	340,271	151,258	170,210	398,268	454,235
Unallocated Depreciation										
Total Governmental Activities Expenses	24,304,606	22,714,432	22,440,587	22,941,625	20,420,897	20,867,679	18,506,745	17,456,841	16,423,415	15,415,740
Business-type Activities:										
Food Service	649,704	553,581	654,518	553,477	489,561	481,895	485,421	464,795	486,499	420,308
Total Business-type Activities Expense	649,704	553,581	654,518	553,477	489,561	481,895	485,421	464,795	486,499	420,308
Total District Expenses	\$ 24,954,310	\$ 23,268,013	\$ 23,095,105	\$ 23,495,102	\$ 20,910,458	\$ 21,349,574	\$ 18,992,166	\$ 17,921,636	\$ 16,914,914	\$ 15,836,048

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

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)	\$ 377,792	\$ 416,185	\$ 94,911	\$ 287,198	\$ 289,875	\$ 290,646	\$ 247,893	\$ 195,846	\$ 301,143	
Operating Grants and Contributions	2,219,717	1,977,892	2,428,089	2,419,161	2,378,471	2,551,827	1,826,929	2,173,047	2,040,885	2,047,608
Total Governmental Activities Program Revenues	2,597,509	2,361,244	2,844,274	2,514,072	2,665,669	2,841,702	2,117,575	2,420,940	2,236,731	2,348,751
Business-type activities:										
Charges for services:										
Food Service	213,244	193,346	197,050	202,169	209,021	221,730	250,604	260,217	242,055	217,275
Child Care	420,019	422,236	416,185	369,750	296,873	321,148	283,136	245,764	206,873	206,007
Operating Grants and Contributions	633,263	615,582	613,235	571,919.00	505,894.00	542,878	533,740	505,981	448,928	423,282
Total Business-type Activities Program Revenues	3,230,772	2,976,826	3,457,509	3,085,991	3,171,563	3,384,580	2,651,315	2,926,921	2,685,659	2,772,033
Total District Program Revenues	\$ (21,707,097)	\$ (20,353,188)	\$ (19,596,313)	\$ (20,427,473)	\$ (17,755,228)	\$ (18,025,977)	\$ (16,389,170)	\$ (15,035,901)	\$ (14,191,684)	\$ (13,066,989)
Net (Expense)/Revenue										
Governmental Activities	(16,441)	62,001	(35,930)	18,442	16,513	60,983	48,319	41,186	(37,571)	2,974
Business-type Activities	\$ (21,723,538)	\$ (20,291,187)	\$ (19,632,243)	\$ (20,409,031)	\$ (17,738,715)	\$ (17,964,994)	\$ (16,340,851)	\$ (14,994,715)	\$ (14,228,255)	\$ (13,064,015)
Total District-wide Net Expense										

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

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 7,711,155	\$ 7,559,956	\$ 7,411,722	\$ 7,164,595	\$ 6,942,151	\$ 6,783,789	\$ 6,563,869	\$ 6,437,878	\$ 6,081,922	\$ 5,206,352
Taxes Levied for Debt Service	847,062	692,859	924,356	902,701	865,594	381,957	363,846	533,555	439,953	497,496
Federal & State Aid not Restricted	11,782,620	11,322,732	11,358,679	10,862,334	10,120,489	9,400,298	9,712,650	8,296,587	7,819,467	7,353,071
State Aid Restricted	279,744	288,728	303,406	302,671	303,589	10,344,088	339,528	514,373	463,786	730,520
Tuition Received		17,749	24,501	24,863	50,479	9,444	2,842	15,730	1,750	7,086
Transportation		4,353	4,519	8,174	8,174	8,174				7,360
Investment Earnings		249	4,884	1,789	23,405	22,548	29	37	1,016	15,036
Miscellaneous Income	267,967	166,073	269,082	181,213	100,212	19,363	90,626	71,447	75,373	59,258
Transfers				(306,971)	(78,701)				(15,800)	
Total Governmental Activities	20,892,901	20,048,346	20,296,630	19,133,195	18,331,737	26,969,571	17,073,390	15,869,607	14,866,467	13,876,179
Business-type Activities:										
Investment Earnings	366	243	171	163	479	590	341	1,203	2,049	7,622
Transfers									(15,800)	
Total Business-type Activities	366	243	171	163	479	590	341	1,203	17,849	7,622
Total District-wide	\$ 20,893,267	\$ 20,048,589	\$ 20,296,801	\$ 19,133,358	\$ 18,332,216	\$ 26,970,161	\$ 17,073,731	\$ 15,870,810	\$ 14,884,316	\$ 13,883,801
Change in Net Position										
Governmental Activities	\$ (814,196)	\$ (304,842)	\$ 700,317	\$ (1,294,278)	\$ 576,509	\$ 8,943,594	\$ 684,220	\$ 833,706	\$ 674,783	\$ 809,190
Business-type Activities	(16,075)	62,244	(35,759)	18,605	16,992	61,573	48,660	42,389	(19,722)	10,596
Total District	\$ (830,271)	\$ (242,598)	\$ 664,558	\$ (1,275,673)	\$ 593,501	\$ 9,005,167	\$ 732,880	\$ 876,095	\$ 655,061	\$ 819,786

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

Source: District Records

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

	Fiscal Year Ending June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund	\$ 1,509,348	\$ 2,066,924	\$ 1,938,673	\$ 1,571,848	\$ 1,058,520	\$ 2,611,214	\$ 2,635,794	\$ 1,792,190	\$ 1,226,646	\$ 748,028
Restricted	(526,824)	(651,601)	(547,140)	(469,797)	(366,965)	(486,322)	(460,629)	(62,306)	(4,189)	(47,663)
Unassigned	\$ 982,524	\$ 1,515,323	\$ 1,391,533	\$ 1,102,051	\$ 691,555	\$ 2,124,892	\$ 2,175,165	\$ 1,729,884	\$ 1,222,457	\$ 700,365
Total General Fund	\$ 8,458,233	\$ 1,002	\$ 139,087	\$ 137,950	\$ 5,377,394	\$ 18,986,084	\$ 132,837	\$ 106,856	\$ 116,456	\$ 253,282
All Other Governmental Funds										
Restricted										
Unassigned, Reported in:										
Special Revenue Fund	(29,913)	(28,379)	(32,134)	(32,270)	(29,336)	(29,336)	(28,035)	(54,016)	(44,416)	(44,416)
Capital Projects Fund					4,433,999	18,461,133	160,872	160,872	142,377	143,977
Debt Service Fund			171,221	170,220	22,506	22,506	-	-	-	46,163
Permanent Fund										
Total All Other Governmental Funds	\$ 8,428,320	\$ (27,377)	\$ 139,087	\$ 137,950	\$ 5,377,394	\$ 18,986,084	\$ 132,837	\$ 106,856	\$ 116,456	\$ 253,282

Source: District Records

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Tax Levy	\$ 8,558,217	\$ 8,252,815	\$ 8,336,078	\$ 8,067,296	\$ 7,807,745	\$ 7,165,656	\$ 6,927,715	\$ 6,971,433	\$ 6,521,875	\$ 5,703,848
Tuition Charges	377,792	383,352	416,185	94,991	50,479	9,444	2,842	15,730	1,750	7,086
Interest Earnings	4,353	249	4,884	1,789	23,405	22,548	29	37	1,016	15,036
Transportation		17,749	24,501	24,863	4,519	8,174				7,360
Miscellaneous	203,640	100,571	200,551	128,824	94,958	19,267	90,626	71,447	75,373	59,258
State Sources	12,770,481	12,327,266	12,450,970	11,349,260	11,116,550	20,165,718	11,246,353	10,286,271	9,585,459	9,440,879
Federal Sources	1,174,334	957,312	1,575,292	1,917,386	1,886,646	2,415,053	5,000	2,373		
Local Sources	401,593	370,276	132,443	62,938	13,104	5,317	918,400	943,256	933,206	991,463
Total Revenue	23,490,410	22,409,590	23,140,904	21,647,347	20,997,406	29,811,177	19,190,965	18,290,547	17,118,679	16,224,930
Expenditures										
Instruction										
Regular Instruction	6,768,507	6,173,593	6,052,303	5,296,670	5,094,612	6,009,874	5,681,334	5,158,749	4,766,650	4,535,440
Special Education Instruction	1,430,636	1,529,854	1,496,740	1,513,907	1,329,185	1,013,298	560,303	543,935	522,520	567,821
Other Special Instruction	76,519						249,157	184,807	281,447	303,243
Vocational Education										
Other Instruction	620,557	556,400	462,640	531,689	545,581	684,759	556,119	530,902	432,828	433,847
Nonpublic School Programs						1,494	4,684			
Adult/Continuing Education Programs										
Support Services:										
Tuition	1,374,384	1,012,585	1,412,073	1,638,314	1,780,612	1,871,665	1,364,551	1,048,060	1,110,786	1,182,343
Student & Instruction Related Services	2,449,209	2,384,489	2,805,669	2,824,922	3,059,845	3,023,022	2,502,017	2,294,381	2,030,723	1,668,618
Non Public Schools										
General Administration										
General Administrative&BusinessServices	463,038	427,067	384,918	453,296	400,642	458,106	491,325	493,616	447,027	360,990
School Administrative Services	920,437	906,008	907,994	797,524	760,027	745,306	707,509	714,853	676,401	672,479
Business Administrative Services										
Other Administrative Services	344,386	319,055	338,444	283,201	282,799	243,796	222,506	212,433	182,980	181,468
Plant Operations and Maintenance	1,416,437	1,442,898	1,392,761	1,291,662	1,140,787	1,255,429	1,279,559	1,172,392	1,149,199	1,115,639
Pupil Transportation	879,291	800,164	822,445	880,756	667,844	831,042	777,650	649,323	592,989	789,217
Unallocated Employee Benefits	5,857,860	5,473,022	5,272,964	4,671,624	4,288,414	3,894,281	3,366,129	3,587,981	3,443,654	2,862,363
Special Schools										
Charter Schools										
Capital Outlay	1,568,443	275,323	274,573	5,064,852	14,352,137	1,444,632	253,486	153,360	235,806	399,035
Debt Service:										
Principal	725,000	715,000	767,000	745,000	625,000	600,000	550,000	870,000	735,000	675,000
Interest and Other Charges	402,808	436,806	459,761	482,878	544,183	136,360	153,374	177,928	214,922	258,291
Total Expenditures	25,297,512	22,452,264	22,850,285	26,476,295	34,851,668	22,213,064	18,719,703	17,792,720	16,822,932	16,005,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,807,102)	(42,674)	290,619	(4,828,948)	(13,854,262)	7,598,113	471,262	497,827	295,747	219,116
Other Financing Sources (Uses)										
Capital Leases (Non-budgeted)										
Bond Proceeds	9,730,000					10,017,096			105,000	
Proceeds of Refunding Debt										
Transfers In	65,788	772	772	172,009	105,572	22,548	29	37	1,016	237,288
Transfers Out	(65,788)	(772)	(772)	(172,009)	(105,572)	(22,548)	(29)	(37)	(16,816)	(237,288)
Total Other Financing Sources (Uses)	9,730,000	-	-	-	-	10,017,096	-	-	89,200	-
Net Change in Fund Balances	\$ 7,922,898	\$ (42,674)	\$ 290,619	\$ (4,828,948)	\$ (13,854,262)	\$ 17,615,209	\$ 471,262	\$ 497,827	\$ 384,947	\$ 219,116
Debt Service as a Percentage of Noncapital Expenditures	4.8%	5.2%	5.4%	5.7%	5.7%	3.5%	3.8%	5.9%	5.7%	6.0%

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Refunds										
Interest on Investments	\$ 4,353	\$ 249	\$ 4,112	\$ 1,789	\$ 8,114	\$ 15,976	\$ 13,258	\$ 17,495	\$ 11,410	\$ 62,391
Gate Receipts							15,120	26,257		14,901
Miscellaneous	203,640	100,571	200,551	128,824	92,098	3,291	300	5,695	2,059	4,459
Rentals							900			
Tuition Refunds							41,093		12,072	
Tuition	377,792	383,352	416,185	94,991	50,479	9,444	2,842	13,980	5,393	4,946
Transportation Fees		17,749	24,501	24,863	4,519	8,174	14,637	2,000		1,908
	\$ 585,785	\$ 501,921	\$ 645,349	\$ 250,467	\$ 155,210	\$ 36,885	\$ 88,150	\$ 65,427	\$ 30,934	\$ 88,605

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

Year Ended Dec. 31..	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Lees: Tax-Exempt Property	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2014	\$ 11,952,300	\$ 382,213,400	\$ 1,981,700	\$ 276,900	\$ 28,976,300	\$ 11,951,200	\$ 13,174,700	\$ 461,506,500	\$ 399,900	\$ 1,118,939	\$ 462,625,439	\$ 478,836,275	1.850
2013	13,289,600	392,631,800	2,824,500	361,200	28,108,900	12,275,400	14,141,900	464,843,300	782,900	1,156,928	466,000,228	485,974,721	1.771
2012	6,201,500	246,957,400	1,593,800	581,062	13,779,800	9,921,000	6,222,700	285,194,262	609,000	618,193	285,803,262	507,364,531	2.916
2011	6,348,600	247,167,800	1,814,700	518,052	13,852,500	11,957,000	6,222,700	287,882,262	735,486	735,486	288,500,465	521,761,379	2.796
2010	6,695,800	246,918,200	1,814,700	557,262	13,235,300	11,957,000	6,222,700	287,434,538	404,325	692,373	288,136,448	525,465,827	2.709
2009	7,602,800	243,444,500	1,707,000	554,900	13,738,600	11,957,000	6,222,700	285,512,548	404,325	669,812	285,916,873	533,425,806	2.506
2008	8,326,500	238,900,800	1,751,800	389,900	13,844,400	11,967,800	6,222,700	281,403,900	404,325	662,101	282,073,712	503,948,291	2.521
2007	8,467,400	233,501,400	1,824,600	391,100	13,659,200	11,762,375	6,222,700	275,828,700	391,925	695,970	276,086,551	455,559,405	2.521
2006	9,091,300	228,321,800	1,608,200	385,500	14,559,125	11,762,375	6,222,700	271,951,000	603,825	838,660	272,255,045	396,332,148	2.395
2005	6,571,302	224,428,700	2,190,400	491,700	13,793,225	11,762,375	6,222,700	265,460,402			265,695,237	384,518,840	2.146

(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

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

BOROUGH OF CLAYTON SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten (Fiscal) Years

(rate per \$100 of assessed value)

Unaudited

Year Ended Dec. 31,	District Direct Rate			Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate (1)	General Obligation Debt Service (2)	Total Direct School Tax Rate	Library District	Clayton Borough	Open Spaces	County of Gloucester		
2014	\$ 1.670	\$ 0.180	\$ 1.850	\$ 0.047	\$ 0.959	\$ 0.042	\$ 0.596	\$ 3.494	
2013	1.662	0.149	1.771	0.045	0.925	0.043	0.586	3.370	
2012	2.593	0.323	2.916	0.075	1.401	0.071	0.095	5.368	
2011	2.483	0.313	2.796	0.074	1.357	0.072	0.904	5.203	
2010	2.409	0.300	2.709	0.074	1.357	0.073	0.930	5.143	
2009	2.373	0.133	2.506	0.077	1.301	0.074	0.951	4.909	
2008	2.333	0.129	2.462	0.074	1.245	0.072	0.912	4.765	
2007	2.328	0.193	2.521	0.070	1.205	0.066	0.842	4.704	
2006	2.233	0.162	2.395	0.064	1.185	0.059	0.801	4.504	
2005	1.959	0.187	2.146	0.059	1.161	0.053	0.786	4.152	

(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.

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

Source: Municipal Tax Collector

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

	2015			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Berk Cohen Assoc. at Rustic Village	\$ 7,800,000	1	1.69%	N/A	N/A	N/A
Aleris Light Gauge Products, Inc.	6,941,900	2	1.50%	N/A	N/A	N/A
Realmarq Development LLC	3,238,300	3	0.70%	N/A	N/A	N/A
Silver Lake Assoc.	3,020,500	4	0.65%	N/A	N/A	N/A
Clayton Apts. LTC Partnership	1,782,300	5	0.39%	N/A	N/A	N/A
Rite Aide of NJ Inc.	1,263,600	6	0.27%	N/A	N/A	N/A
Verizon Comm Inc	1,177,265	7	0.25%	N/A	N/A	N/A
American Stores Com LLC	1,125,200	8	0.24%	N/A	N/A	N/A
825 Delsea Dr. c/o Robson Goldberg	1,105,000	9	0.24%	N/A	N/A	N/A
Fulton Bank	1,068,500	10	0.23%	N/A	N/A	N/A
Total	\$ 28,522,565		6.16%			

Source: Municipal Tax Assessor
 Information for 2005 is not available

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

Fiscal Year <u>Ended June 30,</u>	School Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2015	\$ 8,558,217	\$ 8,558,217	100.00%	-
2014	8,252,815	8,252,815	100.00%	-
2013	8,336,078	8,336,078	100.00%	-
2012	8,067,295	8,067,295	100.00%	-
2011	7,807,745	7,807,745	100.00%	-
2010	7,165,656	7,165,656	100.00%	-
2009	6,927,715	6,927,715	100.00%	-
2008	6,971,433	6,971,433	100.00%	-
2007	6,521,875	6,521,875	100.00%	-
2006	5,703,848	5,703,848	100.00%	-

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

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

Debt Capacity Information

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANS)	Capital Leases		
2015	\$ 19,347,000	-	-	-	-	NA	NA
2014	10,342,000	-	-	-	-	NA	NA
2013	11,057,000	-	-	-	-	NA	NA
2012	11,824,000	-	-	-	-	NA	NA
2011	12,569,000	-	-	-	-	NA	NA
2010	13,194,000	-	-	-	-	NA	NA
2009	3,777,000	-	-	-	-	NA	NA
2008	4,327,000	-	-	-	-	NA	NA
2007	5,197,000	-	-	-	-	NA	NA
2006	5,932,000	-	-	-	-	NA	NA
					\$		
					19,347,000		
					10,342,000		
					11,057,000		
					11,824,000		
					12,569,000		
					13,194,000		
					3,777,000		
					4,327,000		
					5,197,000		
					5,932,000		

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

- (1) Includes Early Retirement Incentive Plan (ERIP) refunding
- (2) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (2)</u>
2015	\$ 19,347,000	-	\$ 19,347,000	4.18%	NA
2014	10,342,000	-	10,342,000	2.22%	NA
2013	11,057,000	-	11,057,000	3.87%	NA
2012	11,824,000	-	11,824,000	4.10%	NA
2011	12,569,000	-	12,569,000	4.36%	NA
2010	13,194,000	-	13,194,000	4.61%	NA
2009	3,777,000	-	3,777,000	1.34%	NA
2008	4,327,000	-	4,327,000	1.57%	NA
2007	5,197,000	-	5,197,000	1.91%	NA
2006	5,932,000	-	5,932,000	2.23%	NA

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

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

Source: District Records.

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2014
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Clayton	\$ 1,862,577	100.00%	\$ 1,862,577
Other debt			
County of Gloucester	247,990,608	1.80%	4,463,831
Subtotal, overlapping debt			6,326,408
Borough of Clayton School District Direct Debt			19,347,000
Total direct and overlapping debt			<u>\$ 25,673,408</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2014	\$ 456,575,485
2013	479,763,959
2012	486,264,726
[A]	<u>\$ 1,422,604,170</u>
[A/3]	\$ 474,201,390
[B]	\$ 18,988,056
[C]	<u>19,347,000</u>
[B-C]	<u>\$ (378,944)</u>

Average equalized valuation of taxable property

Debt limit (4% of average equalization value) (1)
 Total Net Debt Applicable to Limit

Legal Debt Margin

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	\$ 18,988,056	\$ 19,677,673	\$ 17,669,809	\$ 18,050,239	\$ 18,214,012	\$ 17,902,134	\$ 17,056,883	\$ 15,431,533	\$ 15,949,352	\$ 14,337,672
Total net debt applicable to limit	19,347,000	10,342,000	11,057,000	11,824,000	12,569,000	13,194,000	2,133,256	2,382,333	5,197,000	5,932,000
Legal debt margin	<u>\$ (378,944)</u>	<u>\$ 9,335,673</u>	<u>\$ 6,612,809</u>	<u>\$ 6,226,239</u>	<u>\$ 5,645,012</u>	<u>\$ 4,708,134</u>	<u>\$ 14,923,627</u>	<u>\$ 13,049,200</u>	<u>\$ 10,752,352</u>	<u>\$ 5,179,653</u>
Total net debt applicable to the limit as a percentage of debt limit	102.00%	52.56%	62.58%	65.51%	69.01%	73.70%	12.51%	15.44%	32.58%	41.37%

(1) Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2015	8,307	\$ 375,218,883	\$ 45,169	7.1%
2014	8,216	368,635,488	44,868	8.5%
2013	8,175	345,213,900	42,228	9.8%
2012	8,202	339,374,154	41,377	9.5%
2011	7,139	282,640,149	39,591	9.8%
2010	7,586	296,157,440	39,040	9.2%
2009	7,586	NA	NA	NA
2008	7,563	NA	NA	NA
2007	7,511	NA	NA	NA
2006	7,450	NA	NA	NA

Source:

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

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

	2015			2006		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Inspira Health	1,825	1	N/A	N/A		N/A
Kennedy Memorial Hospital	1,675	2	N/A	N/A		N/A
Washington Township School District	1,631	3	N/A	N/A		N/A
Rowan University	1,483	4	N/A	N/A		N/A
County of Gloucester	1,398	5	N/A	N/A		N/A
Missa Bay, LLC	950	6	N/A	N/A		N/A
Monroe Township School District	807	7	N/A	N/A		N/A
U.S. Foodservices	725	8	N/A	N/A		N/A
Exxon Mobile Research & Engineering	540	9	N/A	N/A		N/A
LaBrea Bakery	525	10	N/A	N/A		N/A
	<u>11,559</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.
 Information for 2005 is 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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction										
Regular	93	93	99	78	77	87	87	86	90	93
Special education	20	20	26	22	22	18	18	14	12	11
Other special education										
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & instruction related services	47	47	36	36	36	26	26	26	23	23
General administrative services	2	2	2	2	2	4	4	4	3	3
School administrative services	12	12	12	12	12	11	11	11	11	11
Business administrative services	5	5	3	3	3	3	3	3	3	3
Plant operations and maintenance	14	14	12	12	10	10	10	10	10	17
Pupil transportation	10	10	12	12	12	5	5	5	5	5
Special Schools										
Food Service	1		2							
Child Care										
Total	203	202	204	177	174	164	164	158	157	167

Source: District Personnel Records

BOROUGH OF CLAYTON SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	High School				
2015	1,448	\$ 22,601,261	\$ 15,609	3.86%	128	11.6:1	9.1:1	1,432	1,369	1.71%	95.60%
2014	1,399	21,025,135	15,029	-3.81%	120	12.4:1	9.6:1	1,392	1,346	4.91%	96.70%
2013	1,384	21,623,525	15,624	6.05%	125	11.6:1	9.6:1	1,367	1,316	2.57%	96.27%
2012	1,370	20,183,565	14,733	1.52%	117	14.0:1	10.1:1	1,366	1,283	6.21%	93.92%
2011	1,332	19,330,348	14,512	-0.46%	116	14.0:1	10.1:1	1,322	1,208	-6.36%	91.38%
2010	1,374	20,032,072	14,579	10.89%	121	11.0:1	11.0:1	1,327	1,290	14.16%	97.21%
2009	1,351	17,762,843	13,148	3.73%	123	11.9:1	11.8:1	1,350	1,130	-8.43%	83.70%
2008	1,309	16,591,432	12,675	4.32%	114	14.5:1	8.9:1	1,313	1,234	4.22%	93.98%
2007	1,287	15,637,204	12,150	3.84%	119	14.5:1	8.9:1	1,250	1,184	2.87%	94.70%
2006	1,254	14,673,488	11,701	5.36%	119	13.4:1	9.7:1	1,226	1,151	1.23%	94.86%

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

Note: Enrollment based on annual October district count.

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

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

	2015	2014	2013	2012*	2011	2010	2009	2008	2007	2006
<u>District Building</u>										
<u>Elementary</u>										
E.S. Simmons Elementary										
Square Feet	95,421	95,421	95,421	95,421	96,191	96,191	96,191	96,191	96,191	96,191
Capacity (students)	763	763	763	763	638	638	638	638	638	638
Enrollment	757	733	719	724	787	787	778	765	746	752
<u>High School/Middle School</u>										
Clayton Middle School										
Square Feet	126,080	126,080	126,080	126,080	98,092	98,092	98,092	98,092	98,092	98,092
Capacity (students)	868	868	868	868	800	500	617	617	617	617
Enrollment	691	666	665	646	545	525	534	524	540	531

Number of Schools at June 30, 2015
 Elementary = 1
 High/Middle School= 1
 Other = 0

Source: District records, ASSA

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-XXX

* School Facilities	Project # (s)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Clayton Middle/Clayton High School	N/A	\$ 96,633	\$ 111,013	\$ 104,688	\$ 103,567	\$ 96,080	\$ 121,107	\$ 89,224	\$ 102,750	\$ 85,990	\$ 87,636
Clayton Elementary School	N/A	73,136	88,664	78,976	53,098	64,081	61,959	71,698	82,791	52,230	35,528
Total School Facilities		<u>169,769</u>	<u>199,677</u>	<u>183,664</u>	<u>156,665</u>	<u>160,161</u>	<u>183,066</u>	<u>160,922</u>	<u>185,541</u>	<u>138,220</u>	<u>123,164</u>
Other Facilities											
Grand Total		<u>\$ 169,769</u>	<u>\$ 199,677</u>	<u>\$ 183,664</u>	<u>\$ 156,665</u>	<u>\$ 160,161</u>	<u>\$ 183,066</u>	<u>\$ 160,922</u>	<u>\$ 185,541</u>	<u>\$ 138,220</u>	<u>\$ 123,164</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, 2015

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Property & Auto Physical Damage/Boiler & Machinery	\$ 40,692,910	\$ 1,000
Commercial Liability	10,000,000	10,000.00
General Liability	1,000,000/3,000,000	
Automobile Liability	1,000,000	500 / 1,000
School Board Legal Liability	1,000,000/2,000,000	7,500
Workers' Compensation	Statutory	
Student Accident Insurance (2)	1,000,000	
Surety Bonds (3)		
Treasurer	250,000	
Board Secretary/Business Administrator	20,000	
(1) List Insurance Company	Utica Mutual Insurance	
(2) List Insurance Company	BMI LLC	
(3) Per Claim/Annual Aggregate		
(4) Each Accident		

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Clayton School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Clayton School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

26900

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Clayton School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and New Jersey Circular 15-08-OMB and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding 2015-001. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Borough of Clayton School District, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 or 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as item 2015-001 to be a significant deficiency.

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

26900

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 OMB Circular A-133 and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Bowman + Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Glen J. Walton

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

Voorhees, New Jersey
December 21, 2015

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2014	Carryover / (Walkover) Amount
				From	To		
General Fund:							
U.S. Department of Education							
Medical Assistance Program (SEMI)	93.778	N/A	\$ 88,312	7-1-2014	6-30-2015		
ARRA - Medical Assistance Program (SEMI)	93.778	N/A	14,662	10-1-2008	12-31-2010		
Total U.S. Department of Education							
Total General Fund							
Special Revenue Fund:							
U.S. Department of Education							
Passed-through State Department of Education:							
N.C.L.B.:							
Title I, Part A	84.010A	NCLB086014	460,559	7-1-2013	6-30-2014	\$ (62,780)	
Title I, Part A	84.010A	NCLB086014	472,978	7-1-2014	6-30-2015		
Total Title I, Part A						(62,780)	
Title II, Part A	84.281A	NCLB086014	55,865	7-1-2013	6-30-2014	(6,847)	
Title II, Part A	84.281A	NCLB086014	54,608	7-1-2014	6-30-2015		
Total Title II, Part A						(6,847)	
Title III	84.365A	NCLB086014	32,276	7-1-2013	6-30-2014	(14,773)	
Title III	84.365A	NCLB086014	32,276	7-1-2014	6-30-2015		
Total Title III						(14,773)	
I.D.E.A. Part B:							
Special Education Cluster:							
I.D.E.A. Part B, Basic Regular	84.027	FT169013	359,081	7-1-2013	6-30-2014	(83,521)	
I.D.E.A. Part B, Basic Regular	84.027	FT169013	429,099	7-1-2014	6-30-2015		
ARRA - I.D.E.A. Part B, Basic Regular	84.391	FT169014	383,354	7-1-2009	8-31-2011	(1,801)	
I.D.E.A. Preschool Incentive	84.173	PS169014	25,547	7-1-2013	6-30-2014	(10,546)	
I.D.E.A. Preschool Incentive	84.173	PS169014	21,062	7-1-2014	6-30-2015		
Total I.D.E.A. Part B Special Education Cluster						(95,868)	
Local Capacity Building Project	84.027A	N/A	200,000	10-01-2002	9-30-2004	(14,320)	
Race to the Top	84.413A	NGO-12-RT01-A01	28,938	7-1-2012	11-30-2015	(1,565)	
Instruction Improvement System	84.413A	14-RT04-A01	149,635	7-1-2014	11-30-2015		
Total U.S. Department of Education						(196,153)	
U.S. Department of Justice							
Mentoring for Safe Schools Healthy Students Initiatives	16.726	N/A	300,000	10-1-2010	9-30-2013	(12,595)	
Total Special Revenue Fund						(208,748)	
Enterprise Fund:							
U.S. Department of Agriculture							
Passed-through State Department of Education:							
Child Nutrition Cluster:							
Food Distribution Program	10.550	N/A	43,482	7-1-2013	6-30-2014		\$ 1,241
Food Distribution Program	10.550	N/A	43,678	7-1-2014	6-30-2015		
National School Lunch Program	10.555	N/A	290,103	7-1-2013	6-30-2014	(18,268)	
National School Lunch Program	10.555	N/A	294,801	7-1-2014	6-30-2015		
National School Lunch Program - HHFKA	10.555	N/A	8,100	7-1-2013	6-30-2014	(501)	
National School Lunch Program - HHFKA	10.555	N/A	8,093	7-1-2014	6-30-2015		
Special Milk Program	10.556	N/A	978	7-1-2013	6-30-2014	(59)	
Special Milk Program	10.556	N/A	2,265	7-1-2014	6-30-2015		
School Breakfast Program	10.553	N/A	72,315	7-1-2013	6-30-2014	(5,779)	
School Breakfast Program	10.553	N/A	64,339	7-1-2014	6-30-2015		
Total Child Nutrition Cluster						(24,607)	1,241
Total Enterprise Fund						(24,607)	1,241
Total Federal Financial Assistance						\$ (233,355)	\$ 1,241

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

Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2015		Due to Grantor at June 30, 2015
				(Accounts Receivable)	Unearned Revenue	
\$ 88,312	\$ 88,312					
14,662	14,662					
102,974	102,974					
102,974	102,974					
59,277		\$ 3,503				
263,771	401,762			\$ (137,991)		
323,048	401,762	3,503		(137,991)		
7,746		(899)		1,798		
32,723	42,306			(9,583)		
40,469	42,306	(899)		(7,785)		
14,773						
12,353	14,878			(2,525)		
27,126	14,878			(2,525)		
83,521						
326,468	422,936			(96,468)		
10,546				(1,801)		
12,404	21,062			(8,658)		
432,939	443,998			(106,927)		
				(14,320)		
13,652	17,432			(5,345)		
128,303	141,779			(13,476)		
965,537	1,062,155	2,604		(288,369)		
19,621	7,026			-		
985,158	1,069,181	2,604		(288,369)		
43,678	1,241				\$ 1,509	
18,268	42,169					
276,558	294,801			(18,243)		
501						
7,600	8,093			(493)		
59						
2,147	2,265			(118)		
5,779						
59,639	64,339			(4,700)		
414,229	412,908			(23,554)	1,509	
414,229	412,908			(23,554)	1,509	
\$ 1,502,361	\$ 1,585,063	\$ 2,604	\$ -	\$ (311,923)	\$ 1,509	\$ -

BOROUGH OF CLAYTON SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2015

State Grant/ Program Title	Grant or State Project Number	Program or Award Amount	Required Match	Grant Period		Balance at June 30, 2014		
				From	To	Unearned Revenue / Accounts Receivable	Due to Grantor	Carryover/ (Walkover) Amount
General Fund:								
New Jersey Department of Education:								
Current Expense:								
State Aid - Public Cluster:								
Equalization Aid	14-495-034-5120-078	\$ 8,683,487		7-1-2013	6-30-2014	\$ (817,852)		
Equalization Aid	15-495-034-5120-078	8,683,487		7-1-2014	6-30-2015			
School Choice	14-495-034-5120-068	14,890		7-1-2013	6-30-2014	(1,489)		
School Choice	15-495-034-5120-068	96,785		7-1-2014	6-30-2015			
Security Aid	14-495-034-5120-084	171,822		7-1-2013	6-30-2014	(17,182)		
Security Aid	15-495-034-5120-084	171,822		7-1-2014	6-30-2015			
Special Education Aid	14-495-034-5120-089	728,613		7-1-2013	6-30-2014	(72,861)		
Special Education Aid	15-495-034-5120-089	728,613		7-1-2014	6-30-2015			
Under Adequacy Aid	14-495-034-5120-083	77,145		7-1-2013	6-30-2014	(7,715)		
Under Adequacy Aid	15-495-034-5120-083	77,145		7-1-2014	6-30-2015			
PARCC Readiness Aid	15-495-034-5120-088	13,055		7-1-2014	6-30-2015			
Per Pupil Growth Aid	15-495-034-5120-097	13,055		7-1-2014	6-30-2015			
Total State Aid - Public Cluster:						(917,099)	-	-
State Aid - Transportation:								
Transportation Aid	14-495-034-5120-014	60,696		7-1-2013	6-30-2014	(6,070)		
Transportation Aid	15-495-034-5120-014	60,696		7-1-2014	6-30-2015			
Nonpublic School Transportation Aid	14-495-034-5120-014	14,690		7-1-2013	6-30-2014	(14,690)		
Nonpublic School Transportation Aid	15-495-034-5120-014	14,483		7-1-2014	6-30-2015			
Total State Aid - Transportation:						(20,760)	-	-
Extraordinary Special Education Aid Costs								
Extraordinary Special Education Aid Costs	14-100-034-5120-473	48,269		7-1-2013	6-30-2014	(48,269)		
Extraordinary Special Education Aid Costs	15-100-034-5120-473	66,044		7-1-2014	6-30-2015			
Total Extraordinary Aid						(48,269)	-	-
Reimbursed T.P.A.F. Social Security								
Reimbursed T.P.A.F. Social Security	15-495-034-5095-002	619,810		7-1-2014	6-30-2015			
Total Reimbursed T.P.A.F. Social Security						-	-	-
Total General Fund						(986,128)	-	-
Special Revenue Fund:								
New Jersey Department of Education								
Nonpublic Aid:								
Nursing Services	15-100-034-5120-373	22,195		7-1-2014	6-30-2015			
Textbook Aid (Ch. 194)	14-100-034-5120-064	13,164		7-1-2013	6-30-2014		\$ 299	
Textbook Aid (Ch. 194)	15-100-034-5120-064	13,942		7-1-2014	6-30-2015			
Technology Initiative Aid	15-400-034-5120-373	7,488		7-1-2014	6-30-2015			
Auxiliary Services (Ch. 192)								
Compensatory Education	14-100-034-5120-067	74,300		7-1-2013	6-30-2014			521
English as a Second Language	14-100-034-5120-067	5,237		7-1-2013	6-30-2014			1,745
Transportation	14-100-034-5120-067	30,239		7-1-2013	6-30-2014			3,546
Auxiliary Services (Ch. 193)								
Compensatory Education	15-100-034-5120-067	86,087		7-1-2014	6-30-2015			
English as a Second Language	15-100-034-5120-067	4,568		7-1-2014	6-30-2015			
Transportation	15-100-034-5120-067	15,665		7-1-2014	6-30-2015			
Handicapped Services (Ch. 193)								
Supplemental Instruction	14-100-034-5120-068	14,571		7-1-2013	6-30-2014			3,609
Corrective Speech	14-100-034-5120-068	60,152		7-1-2013	6-30-2014			22,264
Examination and Classification	14-100-034-5120-068	27,550		7-1-2013	6-30-2014			11,778
Handicapped Services (Ch. 193)								
Supplemental Instruction	15-100-034-5120-068	18,283		7-1-2014	6-30-2015			
Corrective Speech	15-100-034-5120-068	68,913		7-1-2014	6-30-2015			
Examination and Classification	15-100-034-5120-068	41,420		7-1-2014	6-30-2015			
Home Instruction	N/A	2,466		7-1-2014	6-30-2015			
Total Nonpublic Aid:							43,762	
Preschool Education Aid								
Preschool Education Aid	14-495-034-5120-086	283,790		7-1-2013	6-30-2014	(22,353)		
Preschool Education Aid	15-495-034-5120-086	299,130	\$ 80,721	7-1-2014	6-30-2015			
Total Preschool Education Aid						(22,353)		
Subtotal Special Revenue Fund - State Department of Education						(22,353)	43,762	
State Department of Human Services								
School Based Youth Service Program	14CTHP	228,704		7-1-2013	6-30-2014			1,115
School Based Youth Service Program	15CTHP	236,396		7-1-2014	6-30-2015			
Family Friendly	14CTHP	45,463		7-1-2013	6-30-2014			3,645
Family Friendly	15CTHP	45,463		7-1-2014	6-30-2015			
Subtotal Special Revenue Fund - State Department of Human Services						-	4,760	
Total Special Revenue Fund						(22,353)	48,522	
Debt Service Fund								
New Jersey Department of Education								
Debt Service Aid Type II	15-495-034-5120-125	279,744		7-1-2014	6-30-2015			
Total Debt Service Fund								
Enterprise Fund:								
New Jersey Department of Agriculture								
Child Nutrition Cluster:								
National School Lunch Program (State Share)	14-100-010-3360-067	7,258		7-1-2013	6-30-2014	(832)		
National School Lunch Program (State Share)	15-100-010-3360-067	6,843		7-1-2014	6-30-2015			
Total Enterprise Fund						(832)	-	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit						\$ (1,009,313)	\$ 48,522	\$ -
Total 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 Contributions - Normal Cost	N/A	437,218		7-1-2014	6-30-2015			
On-behalf T.P.A.F. Pension Contributions - Post Retirement Medical	N/A	694,083		7-1-2014	6-30-2015			
Total General Fund (Non-Cash Assistance)						-	-	-
Total State Financial Assistance						\$ (1,009,313)	\$ 48,522	\$ -

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

Cash Received	Adjustments	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015			Memo	
				Accounts Receivable	Unearned Revenue	Due to Grantor at	Budgetary Receivable 6/30/2015	Cumulative Total Expenditures
\$ 817,852		\$ 8,683,487		\$ (803,702)			\$ -	\$ -
7,879,785							(803,702)	8,683,487
1,489							-	-
87,107		96,785		(9,679)			(9,679)	96,785
17,182							-	-
154,640		171,822		(17,182)			(17,182)	171,822
72,861							-	-
655,752		728,613		(72,861)			(72,861)	728,613
7,715							-	-
69,431		77,145		(7,715)			(7,715)	77,145
11,749		13,055		(1,306)			(1,306)	13,055
11,749		13,055		(1,306)			(1,306)	13,055
9,787,311	-	9,783,962	-	(913,750)	-	-	(913,750)	9,783,962
6,070							-	-
14,690		60,696		(60,696)			(60,696)	60,696
		14,483		(14,483)			(14,483)	14,483.00
20,760	-	75,179	-	(75,179)	-	-	(75,179)	75,179
48,269		66,044		(66,044)			(66,044)	66,044.00
48,269	-	66,044	-	(66,044)	-	-	(66,044)	66,044
528,517		619,810		(91,293.00)			(91,293)	619,810
528,517	-	619,810	-	(91,293)	-	-	(91,293)	619,810
10,384,857	-	10,544,995	-	(1,146,266)	-	-	(1,146,266)	10,544,995
22,195		22,195						
13,942		13,671	\$ (299)			\$ 271		
7,488		7,486				2		
			(521)					
			(1,745)					
			(3,546)					
86,087		84,384				1,703		
4,568		3,380				1,188		
15,665		14,578				1,087		
			(3,609)					
			(22,264)					
			(11,778)					
18,283		16,636				1,647		
68,913		40,641				28,272		
41,420		39,078				2,342		
		2,456		(2,456)				
278,561		244,505	(43,762)	(2,456)		36,512		
28,379		6,026						
349,938		366,791		(29,913)	\$ 13,060			366,791
378,317		372,817		(29,913)	13,060			366,791
656,878		617,322	(43,762)	(32,369)	13,060	36,512		366,791
236,396		234,937				1,115		-
						1,459		234,937
45,463		41,431				3,645		-
						4,032		41,431
281,859	-	276,368	-	-		10,251	-	276,368
938,737	-	893,690	(43,762)	(32,369)	13,060	46,763	-	643,159
279,744		279,744						279,744
279,744	-	279,744	-	-	-	-	-	279,744
832		6,843		(418)				6,843
6,425								
7,257	-	6,843	-	(418)	-	-	-	6,843
\$ 11,610,595	\$ -	\$ 11,725,272	\$ (43,762)	\$ (1,179,053)	\$ 13,060	\$ 46,763	\$ (1,146,266)	\$ 11,474,741
\$ 437,218		\$ 437,218						
694,083		694,083						
1,131,301	-	1,131,301	-	-	-	-	-	-
\$ 12,741,896	\$ -	\$ 12,856,573	\$ (43,762)	\$ (1,179,053)	\$ 13,060	\$ 46,763	\$ (1,146,266)	\$ 11,474,741

BOROUGH OF CLAYTON SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2015

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance 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. 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 of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the exception of programs recorded in the food service fund, which 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. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund 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 grant accounting 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 net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$3,350 for the general fund and \$6,838 for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$8,327 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.

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 102,974	\$ 10,544,995	\$ 10,647,969
Special Revenue	1,071,360	811,091	1,882,451
Debt Service		279,744	279,744
Food Service	412,908	6,843	419,751
Total Awards and Financial Assistance	\$ <u>1,587,242</u>	\$ <u>11,642,673</u>	\$ <u>13,229,915</u>

Note 4: 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 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent rounding adjustments and grant balance cancellations.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2015 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 the 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 and post-retirement medical costs related to TPAF members.

Note 7: MAJOR PROGRAMS

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

**BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015**

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? x yes 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 510(a) of OMB Circular A-133? x yes no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.010A

84.027

84.173

10.553

10.555

10.555

10.556

10.555

NCLB:

Title I, Part A

Special Education Cluster:

IDEA Part B - Basic

IDEA Part B - Preschool

Child Nutrition Cluster:

School Breakfast Program

National School Lunch Program

National School Lunch Program - HHFKA

Special Milk Program

Food Distribution Program

Dollar threshold used to determine Type A programs \$ 300,000

Auditee qualified as low-risk auditee? x yes no

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes 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 510(a) of OMB Circular A-133 or New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

GMIS Number(s)

Name of State Program

495-034-5120-078
495-034-5120-014
495-034-5120-089
495-034-5120-084
495-034-5120-068
495-034-5095-083
495-034-5120-098
495-034-5120-097
495-034-5095-002

State Aid Public:

Equalization Aid
Transportation Aid
Special Education
Security Aid
School Choice
Under Adequacy Aid
PARCC Readiness Aid
Per Pupil Growth Aid
Reimbursed TPAF SS Contributions

Dollar threshold used to determine Type A programs \$ 351,758

Auditee qualified as low-risk auditee? yes no

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No current year findings.

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

Finding No. 2015-001

Information on the Federal Program

National School Lunch Program (CFDA 10.555), Food Distribution Program (CFDA 10.555), School Breakfast Program (10.553).

Criteria or Specific Requirement

A School Food Authority is required to maintain a nonprofit School Food Service whereby net cash resources may not exceed three months average expenditures.

Condition

Net cash resources exceeded three months average expenditures.

Questioned Costs

None

Context

Net cash resources exceeded three months average expenditures as of June 30, 2015.

Effect

Net cash resources exceeding three months average expenditures is an indication that the School District is not maintaining a nonprofit School Food Service.

Cause

The School District raised paid meal prices in accordance with the USDA paid lunch pricing requirements, while decreasing their food costs. This resulted in increased revenues with decreased expenses, rendering the program more profitable.

Recommendation

That the School District maintains a nonprofit School Food Service and not have net cash resources exceed three months expenditures.

View of Responsible Officials and Planned Corrective Action

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

BOROUGH OF CLAYTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

No current year findings.

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

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

No prior year findings.

FEDERAL AWARDS

Finding No. 2014-001

Program

National School Lunch Program (CFDA 10.555), Food Distribution Program (CFDA 10.555), School Breakfast Program (10.553).

Condition

Net cash resources exceeded three months average expenditures.

Current Status

This condition has not been corrected for the year ended June 30, 2015. See current year finding number 2015-001.

STATE FINANCIAL ASSISTANCE PROGRAMS

No prior year findings.