

CLIFTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CLIFTON, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Clifton Board of Education

Clifton, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

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INTRODUCTORY SECTION

CLIFTON PUBLIC SCHOOLS
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(973) 470 - 2288 • FAX (973) 773 - 8357

December 1, 2011

Honorable President and
Members of the Clifton Board of Education
Clifton School District
County of Passaic, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Clifton School District for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Clifton Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Clifton School District. All disclosures necessary to enable the reader to gain an understanding of the Clifton School District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Clifton School District's Organizational Chart and a list of principal officials. The financial section includes the basic financial statements and schedules as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Clifton School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as Amended and the United States Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings, recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Clifton School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3. All funds of the District are included in this report. The Clifton Board of Education and all its schools constitute the District's reporting entity.

The Clifton School District provides a full range of educational services appropriate to grade levels K through 12, including regular, Bilingual/English as a Second Language, vocational, and special education for handicapped students. The Clifton School District completed the 2010-2011 fiscal year with an average daily enrollment of 10,940 for in-district students. The district also had 159 students in out-of-district placements.

2) ECONOMIC CONDITION AND OUTLOOK: The Clifton Public School district continues to provide a thorough and efficient education for all its students with local taxpayers being the primary source of funding. With new administration leading the State of New Jersey and the economic downturn throughout the country, school districts were required to develop budgets for the 2010-2011 school year with a loss of state aid in the amount of 5% of their 2009-2010 total budget. For Clifton, that meant a loss of \$7,139,036 in actual state aid which equated to a reduction of 25% in total state aid from the previous year. This reduction in state aid, along with a 2% tax levy cap, required the district to prepare its 2010-2011 budget with a planned reduction of force, a salary freeze wherever possible, and an increase to class sizes across all grade levels. In addition, the district was required to reduce its tax levy by \$60,000 and to reallocate about \$350,000 from various account lines to restore some programs and to fund resource officers per the City Council's directive.

The reduction in force effected about 45 staff members and included administrators, supervisors, media specialists, elementary support counselors, teachers, clerical staff, custodial and maintenance staff, and other support staff. This loss of personnel directly impacted the support and resources available to students and teachers throughout the district and will require administration to address some restoration of positions in future budgets.

Although the district started the 2010-2011 school year with significant financial constraints as indicated above, the district ended the school year with the maximum amount allowed for surplus as well as funding its capital reserve account to address projects needed for the district's aging facilities. This was accomplished due to a larger than anticipated number of retirements, a much smaller increase in health insurance premiums than budgeted, and the passing of Chapter 2 in May 2010 requiring personnel without negotiated contracts to contribute 1.5% of their base salary towards health insurance premiums. However, the district still has an unknown variable relative to the current unsettled contract with the Teachers' association in preparing future budgets within the tax levy and state aid constraints set by the State.

The Clifton School District anticipates that the current fiscal constraints will continue to impact the district's ability to

provide the same level of educational programs and support services as it has done over the past few years to address the varied diversified needs of its students, the capital improvement needs for its aging facilities, and the day-to-day operational needs of the district.

3. MAJOR INITIATIVES: The Clifton school district accomplished several initiatives during the 2010-2011 school year as follows:

- Using one time IDEA ARRA funds, the district developed plans and issued contracts to install four new modular units with a total of eight (8) classrooms at School #14 to address the increasing number of students with special needs especially in the pre-school age level. Anticipated opening of the new classrooms is September 2011.
- Continued initiative to install instructional technology equipment (an instructional computer, Smart Board, and projector) throughout the High School by completing the second phase in the South Wing of the building.
- Purchased and implemented the Houghton Mifflin Journey Series for the Language Arts program in Grades K-2 to support achievement of the New Jersey Core Curriculum Content Standards.
- Purchased and implemented a Social Studies adoption for Grade 4.
- Continued the implementation of the Connected Math program for Grade 7.
- Purchased supplemental support materials for EnVision Mathematics textbook series for Grades K-5. A phased roll out of content area leveled libraries for Grades K-5 was also initiated.
- Enhanced summer professional development activities for Title I, Middle School and Instructional Technology Initiatives with one time ARRA funds.

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

As a recipient of federal and state financial assistance, the Clifton School District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the Clifton School District management.

As part of the Clifton School District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine if the Clifton School District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

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

7) DEBT ADMINISTRATION: At June 30, 2011, the Clifton School District's outstanding long-term debt issues included \$22,293,000 of general obligation bonds, to provide funds for acquisition and construction of major capital facilities.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 4. The Clifton School District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

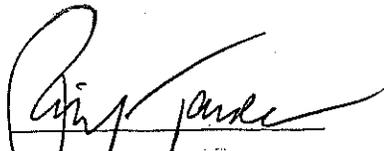
9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard, theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

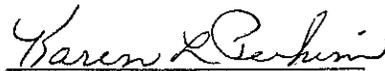
An Independent Audit-State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, and Higgins LLP was selected by the Clifton Board of Education to conduct the independent audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act as Amended and the related OMB Circular A-133, and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Clifton School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

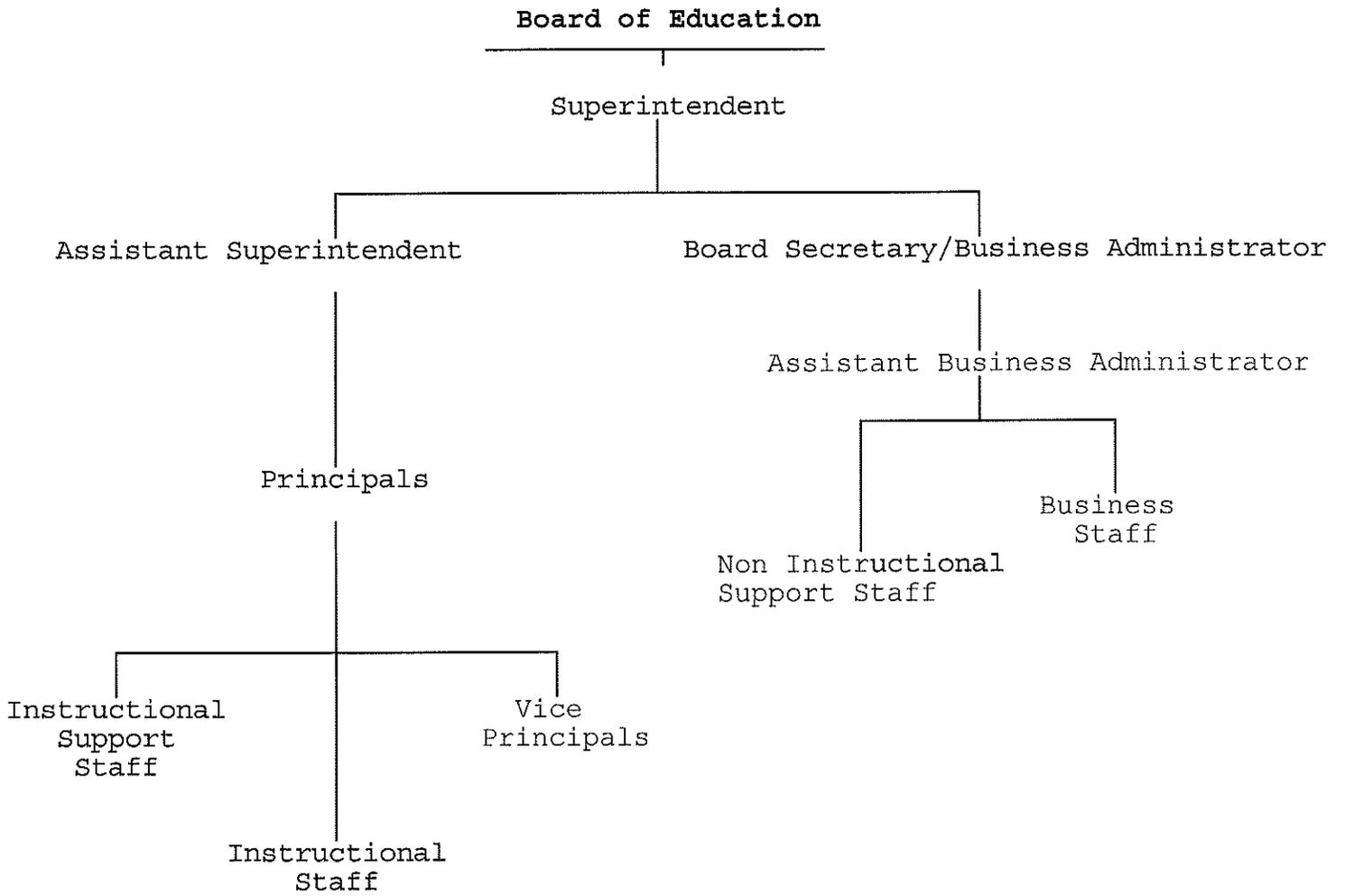


Richard Tardalo
Superintendent



Karen L. Perkins
Board Secretary/Business Administrator

CLIFTON BOARD OF EDUCATION
Organizational Chart
(Unit Control)



CLIFTON BOARD OF EDUCATION
Consultants and Advisors

Architects

FKA Architects
306 Ramapo Valley Road
Oakland, New Jersey 07436

Comerro Coppa Architects
97 Lackawanna Avenue
Totowa, New Jersey 07512

Audit Firm

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Isabel Machado, Esq.
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Official Depository

TD Bank
101 Washington Street
Hoboken, New Jersey 07030

CLIFTON BOARD OF EDUCATION

CLIFTON, NEW JERSEY
June 30, 2011

Roster of Officials

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Arlene Agresti	2014
Judith Bassford	2014
James Daley, President	2012
Lucy Danny	2014
Wayne Demikoff	2013
Mary Kowal	2013
Michael Paitchell	2012
Gary Passenti, Vice President	2013
Joseph Yeamans	2012

Administrators

Richard Tardalo, Superintendent

Mark Tietjen, Assistant Superintendent

Karen L. Perkins, Board Secretary/Business Administrator

Bryan Jursca, Assistant Board Secretary
/Assistant Business Administrator, through 3/15/11

Thomas Kryger, Assistant Board Secretary
/Assistant Business Administrator, 5/2/11-6/30/11

Raymond R. Jacobus, Treasurer

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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FAIR LAWN, NJ 07410

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GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Clifton Board of Education
Clifton, New Jersey

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 Clifton Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

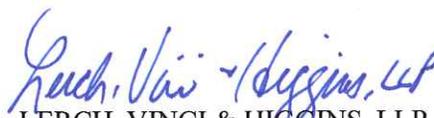
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clifton Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Clifton Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2011 on our consideration of the Clifton Board of Education'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clifton Board of Education's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section 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.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 1, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

This discussion and analysis of the Clifton School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2011. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- District-Wide - Overall revenues were \$163,163,879. General revenues accounted for \$133,622,294 or 82 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$29,541,585 or 18 percent of total revenues of \$163,163,879.
- District-Wide - The School District had \$156,586,759 in expenses; only \$29,541,585 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted state aid) of \$133,622,294 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Clifton Board of Education's governmental funds reported combined ending fund balances of \$5,292,028, an increase of \$4,512,441 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2011 and 2010, the unassigned fund balance reported in the General Fund was \$350,415 and \$(480,504), respectively, an increase from the prior year of \$830,919.

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Clifton Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Clifton Board of Education, reporting the Clifton Board of Education's operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the Clifton Board of Education operates like a business.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1 summarizes the major features of the Clifton Board of Education's financial statements, including the portion of the Clifton Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, food service, and community education	Activities the district operates similar to private businesses: Enterprise Fund
Required financial statements	Statements of net assets Statement of activities	Balance sheet Statement of revenue, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

District-wide. The *District-wide financial statements* are designed to provide readers with a broad overview of the Clifton Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Clifton Board of Education's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

District-wide Statements (Continued)

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of these types of activities of the District's Food Service Fund, Adult Education, Before and After School Program, Evening School for the Foreign Born and Drivers Education Funds.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The district has three kinds of funds:

- **Governmental funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds** - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Fund Financial Statements (Continued)

- **Fiduciary funds** - The District is the trustee, or fiduciary, for assets that belong to others such as the scholarship fund, payroll agency fund, unemployment fund and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-Wide and fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE CLIFTON BOARD OF EDUCATION AS A WHOLE

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net assets. Table A-1 provides a summary of the school district's net assets for fiscal years 2011 and 2010. For 2011 and 2010 they were \$43,142,705 and \$36,565,585, respectively.

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Table A-1
Statement of Net Assets
As of June 30, 2011 and 2010

	Net Assets					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$ 16,379,319	\$ 17,911,991	\$ 1,327,516	\$ 934,326	\$ 17,706,835	\$ 18,846,317
Capital Assets	<u>65,733,375</u>	<u>67,881,156</u>	<u>118,590</u>	<u>134,696</u>	<u>65,851,965</u>	<u>68,015,852</u>
Total Assets	<u>82,112,694</u>	<u>85,793,147</u>	<u>1,446,106</u>	<u>1,069,022</u>	<u>83,558,800</u>	<u>86,862,169</u>
Liabilities						
Current Liabilities	11,201,320	17,376,245	268,915	248,635	11,470,235	17,624,880
Noncurrent Liabilities	<u>28,945,860</u>	<u>32,671,704</u>	<u>-</u>	<u>-</u>	<u>28,945,860</u>	<u>32,671,704</u>
Total Liabilities	<u>40,147,180</u>	<u>50,047,949</u>	<u>268,915</u>	<u>248,635</u>	<u>40,416,095</u>	<u>50,296,584</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	42,982,992	42,797,060	118,590	134,696	43,101,582	42,931,756
Restricted	3,990,856	152,608			3,990,856	152,608
Unrestricted	<u>(5,008,334)</u>	<u>(7,204,470)</u>	<u>1,058,601</u>	<u>685,691</u>	<u>(3,949,733)</u>	<u>(6,518,779)</u>
Total Net Assets	<u>\$ 41,965,514</u>	<u>\$ 35,745,198</u>	<u>\$ 1,177,191</u>	<u>\$ 820,387</u>	<u>\$ 43,142,705</u>	<u>\$ 36,565,585</u>

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Governmental activities. Governmental activities increased the District's net assets by \$6,220,316. Key elements of this increase are as follows (Table A-2):

**Table A-2
Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 218,265	\$ 163,840	\$ 1,956,570	\$ 2,083,087	\$ 2,174,835	\$ 2,246,927
Operating Grants and Contributions	24,939,721	30,279,308	2,358,851	2,205,537	27,298,572	32,484,845
Capital Grants and Contributions	68,178	50,469			68,178	50,469
General Revenues						
Property Taxes	117,891,086	116,045,650			117,891,086	116,045,650
Unrestricted State and Federal Aid	14,999,272	14,534,014			14,999,272	14,534,014
State Aid Restricted for Debt Service	184,062	222,259			184,062	222,259
Other	543,737	768,389	4,137	4,016	547,874	772,405
Total Revenues	<u>158,844,321</u>	<u>162,063,929</u>	<u>4,319,558</u>	<u>4,292,640</u>	<u>163,163,879</u>	<u>166,356,569</u>
Expenses						
Instruction						
Regular	66,658,266	68,933,131			66,658,266	68,933,131
Special	21,060,092	22,442,611			21,060,092	22,442,611
Other Instruction	8,682,981	8,786,469			8,682,981	8,786,469
School Sponsored Activities & Ath.	1,658,877	1,821,826			1,658,877	1,821,826
Support Services						
Student and Instruction Related Serv.	19,561,320	19,866,468			19,561,320	19,866,468
Attendance	437,362	400,485			437,362	400,485
Educational Media/School Library	2,194,043	3,332,302			2,194,043	3,332,302
School Administrative Services	8,181,918	8,500,580			8,181,918	8,500,580
General Administrative Services	2,744,597	2,888,848			2,744,597	2,888,848
Plant Operations and Maintenance	11,246,507	12,095,275			11,246,507	12,095,275
Pupil Transportation	6,590,112	6,518,303			6,590,112	6,518,303
Central Services	2,597,369	2,614,709			2,597,369	2,614,709
Food Service			3,720,149	3,624,744	3,720,149	3,624,744
Driver Education			51,575	43,505	51,575	43,505
Evening School for Foreign Born			6,198	27,513	6,198	27,513
Community School			184,832	300,971	184,832	300,971
Interest on Long-Term Debt	1,010,561	1,343,236	-	-	1,010,561	1,343,236
Total Expenses	<u>152,624,005</u>	<u>159,544,243</u>	<u>3,962,754</u>	<u>3,996,733</u>	<u>156,586,759</u>	<u>163,540,976</u>
Transfers	-	(27,254)	-	27,254	-	-
Change in Net Assets	6,220,316	2,492,432	356,804	323,161	6,577,120	2,815,593
Net Assets, Beginning of Year	<u>35,745,198</u>	<u>33,252,766</u>	<u>820,387</u>	<u>497,226</u>	<u>36,565,585</u>	<u>33,749,992</u>
Net Assets, End of Year	<u>\$ 41,965,514</u>	<u>\$ 35,745,198</u>	<u>\$ 1,177,191</u>	<u>\$ 820,387</u>	<u>\$ 43,142,705</u>	<u>\$ 36,565,585</u>

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Governmental activities. The District's total governmental revenues were \$158,844,321. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$133,618,157 or 84% of total revenues. Program revenues from state and federal sources amounted to \$25,007,899 or 15.75% and charges for services amounted to \$218,265 or .25%.

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$98,060,216 (64%), student support services totaled \$53,553,228 (35%) and interest on long-term debt total \$1,010,561 (1%) of total expenditures. (See Table A-4.)

Table A-3 Revenue by Type – Governmental Activities
For Fiscal Year 2011

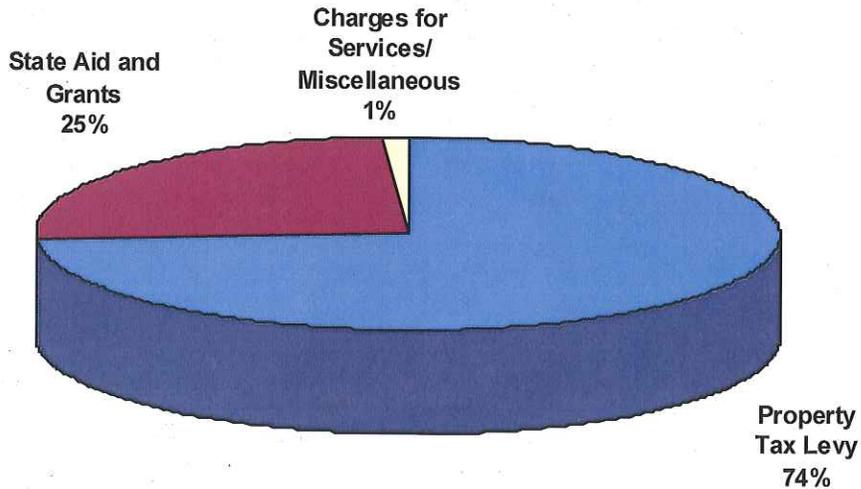
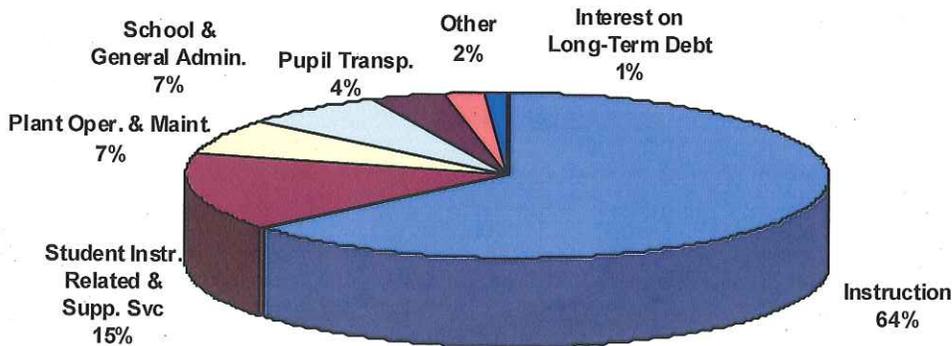


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2011



**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Instruction				
Regular	\$ 66,658,266	\$ 68,933,131	\$ 60,497,510	\$ 62,726,750
Special Education	21,060,092	22,442,611	12,292,549	13,464,566
Other Instruction	8,682,981	8,786,469	4,877,418	5,635,170
School Sponsored Activities and Athletics	1,658,877	1,821,826	1,639,452	1,802,877
Support Services				
Student and Instruction Related Svcs.	19,561,320	19,866,468	14,281,756	13,069,719
Attendance	437,362	400,485	437,362	(677,723)
Educational Media/School Library	2,194,043	3,332,302	2,075,503	3,268,350
General Administrative Services	2,744,597	2,888,848	2,681,009	893,745
School Administrative Services	8,181,918	8,500,580	7,573,996	7,784,658
Plant Operations and Maintenance	11,246,507	12,095,275	11,084,465	10,652,401
Pupil Transportation	6,590,112	6,518,303	6,348,891	6,472,168
Central Services	2,597,369	2,614,709	2,597,369	2,614,709
Interest on Long-Term Debt	1,010,561	1,343,236	1,010,561	1,343,236
 Total Governmental Activities	 <u>\$ 152,624,005</u>	 <u>\$ 159,544,243</u>	 <u>\$ 127,397,841</u>	 <u>\$ 129,050,626</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$3,962,754. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an increase in net assets of \$356,804.

Major Enterprise Fund

Food Service Program

- Food service revenues were greater than expenses by \$334,143.
- Charges for services represent 42 percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program, School Breakfast Program, and interest revenue.

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Non-Major Enterprise Funds

Adult Education, Before and After School Program, Evening School for the Foreign Born and Driver's Education.

- Revenues were greater than expenses by \$22,661.
- Charges for services represent 100 percent of revenue.
- Revenues are comprised of program fees.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$5,292,028. In 2009-2010 the fund balance was \$4,512,441.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$158,906,391 and expenditures were \$154,718,329.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2011 and 2010.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 118,661,553	\$ 116,987,779	\$ 1,673,774	1.43%
State Sources	32,289,743	35,351,726	(3,061,983)	-8.66%
Federal Sources	<u>7,955,095</u>	<u>9,724,424</u>	<u>(1,769,329)</u>	-18.19%
Total	<u>\$ 158,906,391</u>	<u>\$ 162,063,929</u>	<u>\$ (3,157,538)</u>	-1.95%

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2011 and 2010.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Current:				
Instruction	\$ 96,990,623	\$ 100,340,192	\$ (3,349,569)	-3.34%
Undistributed	53,024,097	55,839,663	(2,815,566)	-5.04%
Capital Outlay	671,734	1,170,321	(498,587)	-42.60%
Debt Service				
Principal	2,916,955	2,923,378	(6,423)	-0.22%
Interest	<u>1,114,920</u>	<u>1,146,462</u>	<u>(31,542)</u>	-2.75%
 Total	 <u>\$ 154,718,329</u>	 <u>\$ 161,420,016</u>	 <u>\$ (6,701,687)</u>	 -4.15%

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were related to:

- Payment for unused sick leave to retirees due to a greater number of personnel retiring than anticipated in the budget.
- Salary adjustments due to coverage for leaves of absences and reassignment of personnel, and anticipated retroactive adjustments for salaries when contract negotiations are completed.
- Tuition costs for students selecting to attend charter schools.
- Increases in appropriations for under budgeted costs.
- Implementing budgets for specially funded projects, which include both Federal and State grants.
- Reinstating prior year purchase orders being carried over to the 2011 school year.

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Capital Assets

By the end of 2011, the District – Governmental Activities had invested \$65,733,375 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. Table A-6 shows fiscal year 2011 balances compared to 2010.

**Table A-6
Capital Assets at June 30, 2011 and 2010
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 8,374,289	\$ 8,374,289			\$ 8,374,289	\$ 8,374,289
Land Improvements	1,458,328	1,458,328			1,458,328	1,458,328
Construction in Progress	31,629	51,367			31,629	51,367
Buildings and Improvements	95,044,035	95,017,512			95,044,035	95,017,512
Machinery, Equipment and Vehicles	<u>7,682,769</u>	<u>7,493,442</u>	<u>\$ 484,918</u>	<u>\$ 478,112</u>	<u>8,167,687</u>	<u>7,971,554</u>
Total	112,591,050	112,394,938	484,918	478,112	113,075,968	112,873,050
Less: Accumulated Depreciation	<u>46,857,675</u>	<u>44,513,782</u>	<u>366,328</u>	<u>343,416</u>	<u>47,224,003</u>	<u>44,857,198</u>
Total	<u>\$ 65,733,375</u>	<u>\$ 67,881,156</u>	<u>\$ 118,590</u>	<u>\$ 134,696</u>	<u>\$ 65,851,965</u>	<u>\$ 68,015,852</u>

Overall capital assets for Governmental Activities decreased \$2,147,781 (net of depreciation) from fiscal year 2010 to fiscal year 2011.

Construction Planning

The district submitted its 2005 Long Range Facilities Plan to the Department of Education in November 2005 as required with a revision to the plan submitted in 2007. This district received notice from the Department of Education in September 2006 that the Long Range Facilities Plan appeared complete. The district received final approval of the plan in October 2008 which includes the following:

- Construction of a new middle school, grades 6 through 9
- Renovations to existing middle schools
- Additions to several elementary schools to address deficiencies
- Various capital projects to improve the operations and conditions of existing buildings

Additional information on Clifton Board of Education's capital assets can be found in the Notes to the Basic Financial Statements of this report.

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Debt Administration

At June 30, 2011, the District had \$29,111,206 of outstanding debt. This debt is comprised of serial bonds for various school improvements, capital leases for the acquisition of student transportation (buses) and compensated absences.

Long-term Liabilities

**Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities
As of June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
General Obligation Bonds	\$ 22,293,000	\$ 24,958,000
Capital Leases	697,037	558,773
Compensated Absences Payable	<u>6,121,169</u>	<u>7,345,730</u>
 Total	 <u>\$ 29,111,206</u>	 <u>\$ 32,862,503</u>

Moody's Investors Service has assigned an Aa2 enhanced rating to the Clifton Board of Education's \$36,217,000 million General Obligation School Bonds. These bonds are secured by New Jersey's Chapter 72 program. The Aa2 rating on this issue reflects: Chapter 72's highly liquid reserve that by statute is perpetually sized at 1.5% of New Jersey school district related indebtedness; significant ability to regenerate the fund in the case of a draw; and, Moody's anticipation that program mechanics will govern timely bond repayment in the case of a defaulting issuer. Additional information on this program follows:

CHAPTER 72 IS A CONSTITUTIONALLY CREATED FUND LOCATED IN THE STATE'S FUND FOR SUPPORT OF FREE PUBLIC SCHOOLS

The Chapter 72 reserves, authorized in 1980 (NJ 18A:56-19), to make scheduled debt service payments for a defaulting issuer are carved from the State of New Jersey's larger constitutionally created Fund for Support of Free Public Schools. Chapter 72 assets currently valued at \$62 million are recalculated annually, to comply with the statutory requirement that the reserve equal exactly 1.5% of the \$4.1 billion of outstanding school related debt. Currently, Chapter 72 assets comprise 41% of the Fund.

Additional information on Clifton Board of Education's long-term debt can be found in the Notes to the Basic Financial Statements of this report.

**CLIFTON BOARD OF EDUCATION
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

FACTORS BEARING ON THE DISTRICT'S FUTURE

- Space Needs

With the availability of one time IDEA ARRA funds, the district developed plans and issued contracts to install four (4) new modular units with eight (8) classrooms at School #14 to address the increasing number of students with special needs especially at the pre-school level. Anticipated opening of these classrooms is September 2011.

- Capital Needs

With the age and size of the district's facilities, there is a constant need to replace, repair and renovate the buildings. Such projects include boiler replacement, window replacement, roof replacement, upgrade of toilet facilities, electrical upgrade, etc. As future budgets are prepared, funds may be provided for these capital projects when possible in order to maintain and improve the facilities for educational programs.

- State Aid

For the 2010-2011 school year, the district had over a \$7,000,000 reduction in state aid as well as a 2% tax levy cap due to the change in State administration and the continued economic downturn in the country. As such, the district implemented a reduction in force, increased class sizes, and changed or eliminated programs impacting on the district's ability to meet curriculum needs, contractual obligations and capital upgrades.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Karen Perkins
745 Clifton Avenue
Clifton, New Jersey 07015
Telephone: 973-470-2288
Fax: 973-773-8357
Email: kperkins@cliftonschoools.net

BASIC FINANCIAL STATEMENTS

CLIFTON BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 8,106,959	\$ 623,606	\$ 8,730,565
Receivables, net			
Receivables from Other Governments	7,991,928	633,641	8,625,569
Other	202,108	40,358	242,466
Inventory		29,911	29,911
Deferred Charges	78,324		78,324
Capital Assets, net			
Not Being Depreciated	8,405,918	-	8,405,918
Being Depreciated	57,327,457	118,590	57,446,047
Total Assets	<u>82,112,694</u>	<u>1,446,106</u>	<u>83,558,800</u>
LIABILITIES			
Accounts Payable and Other Liabilities	6,112,812	261,301	6,374,113
Payable to State Government	163,050		163,050
Payable to Federal Government	53,830		53,830
Accrued Interest Payable	192,353		192,353
Unearned Revenue	4,679,275	7,614	4,686,889
Noncurrent Liabilities			
Due within one year	2,886,514		2,886,514
Due beyond one year	26,059,346	-	26,059,346
Total Liabilities	<u>40,147,180</u>	<u>268,915</u>	<u>40,416,095</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	42,982,992	118,590	43,101,582
Restricted for			
Capital Projects	3,889,095		3,889,095
Debt Service	1		1
Other Purposes	101,760		101,760
Unrestricted	(5,008,334)	1,058,601	(3,949,733)
Total Net Assets	<u>\$ 41,965,514</u>	<u>\$ 1,177,191</u>	<u>\$ 43,142,705</u>

CLIFTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 66,658,266	\$ 218,265	\$ 5,938,721	\$ 3,770	\$ (60,497,510)	\$	\$ (60,497,510)
Special Education	21,060,092		8,767,543		(12,292,549)		(12,292,549)
Other Instruction	8,682,981		3,805,563		(4,877,418)		(4,877,418)
School Sponsored Activities and Athletics	1,658,877		19,425		(1,639,452)		(1,639,452)
Support Services							
Student and Instruction Related Services	19,561,320		5,215,156	64,408	(14,281,756)		(14,281,756)
Attendance and Social Work	437,362				(437,362)		(437,362)
Educational Media/School Library	2,194,043		118,540		(2,075,503)		(2,075,503)
School Administrative Services	8,181,918		607,922		(7,573,996)		(7,573,996)
General and Business Administrative Services	2,744,597		63,588		(2,681,009)		(2,681,009)
Plant Operations and Maintenance	11,246,507		162,042		(11,084,465)		(11,084,465)
Pupil Transportation	6,590,112		241,221		(6,348,891)		(6,348,891)
Central Services	2,597,369				(2,597,369)		(2,597,369)
Interest on Long-Term Debt	1,010,561				(1,010,561)		(1,010,561)
Total Governmental Activities	152,624,005	218,265	24,939,721	68,178	(127,397,841)	-	(127,397,841)
Business-Type Activities							
Food Service	3,720,149	1,691,304	2,358,851			\$ 330,006	330,006
Other Non Major	242,605	265,266				22,661	22,661
Total Business-Type Activities	3,962,754	1,956,570	2,358,851	-	-	352,667	352,667
Total Primary Government	\$ 156,586,759	\$ 2,174,835	\$ 27,298,572	\$ 68,178	(127,397,841)	352,667	(127,045,174)
General Revenues							
Property Taxes, Levied for General Purposes, Net					114,546,955		114,546,955
Taxes Levied for Debt Service					3,344,131		3,344,131
State Aid - Restricted for Debt Service					184,062		184,062
State Aid Unrestricted					14,999,272		14,999,272
Miscellaneous Income					543,737	4,137	547,874
Total General Revenues					133,618,157	4,137	133,622,294
Change in Net Assets					6,220,316	356,804	6,577,120
Net Assets, Beginning of Year					35,745,198	820,387	36,565,585
Net Assets, End of Year					\$ 41,965,514	\$ 1,177,191	\$ 43,142,705

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

FUND FINANCIAL STATEMENTS

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 8,064,884		\$ 42,074	\$ 1	\$ 8,106,959
Receivables, Net					
Receivables from Other Governments	335,747	\$ 7,656,181			7,991,928
Other	202,108				202,108
Due from Other Funds	<u>2,087,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,087,496</u>
Total Assets	<u>\$ 10,690,235</u>	<u>\$ 7,656,181</u>	<u>\$ 42,074</u>	<u>\$ 1</u>	<u>\$ 18,388,491</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 5,434,966	\$ 677,846			\$ 6,112,812
Due to Other Funds		2,082,180	\$ 5,316		2,087,496
Payable to State Government		163,050			163,050
Payable to Federal Government		53,830			53,830
Deferred Revenue	<u>-</u>	<u>4,679,275</u>	<u>-</u>	<u>-</u>	<u>4,679,275</u>
Total Liabilities	<u>5,434,966</u>	<u>7,656,181</u>	<u>5,316</u>	<u>-</u>	<u>13,096,463</u>
Fund Balances					
Restricted:					
Legally Restricted-NCLB Title I					
Audit Recovery Due to SEA	101,760				101,760
Capital Reserve	3,889,095				3,889,095
Capital Projects			36,758		36,758
Debt Service				\$ 1	1
Assigned:					
Year End Encumbrances	613,999				613,999
Designated for Subsequent Year's Expenditures	300,000				300,000
Unassigned:					
General Fund	<u>350,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,415</u>
Total Fund Balances	<u>5,255,269</u>	<u>-</u>	<u>36,758</u>	<u>1</u>	<u>5,292,028</u>
Total Liabilities and Fund Balances	<u>\$ 10,690,235</u>	<u>\$ 7,656,181</u>	<u>\$ 42,074</u>	<u>\$ 1</u>	

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011**

Total Government Fund Balances (Carried Forward)	\$	5,292,028
 Amounts reported for governmental activities in the statement of net assets (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 \$112,591,050 and the accumulated depreciation is \$46,857,675.		65,733,375
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(192,353)
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. Long-term liabilities at year end consist of:		
General Obligation Bonds Payable, net	\$	(22,127,654)
Less: Deferred charge for Issuance Costs		78,324
Capital Leases Payable		(697,037)
Compensated Absences		(6,121,169)
		(28,867,536)
 Net Assets of Governmental Activities (Exhibit A-1)	 \$	 <u>41,965,514</u>

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 114,546,955			\$ 3,344,131	\$ 117,891,086
Miscellaneous	757,736	\$ 8,465	\$ 4,266	-	770,467
Total - Local Sources	115,304,691	8,465	4,266	3,344,131	118,661,553
State Sources	31,289,065	816,616		184,062	32,289,743
Federal Sources	263,662	7,691,433	-	-	7,955,095
Total Revenues	146,857,418	8,516,514	4,266	3,528,193	158,906,391
EXPENDITURES					
Current					
Instruction					
Regular Instruction	65,722,507	144,762			65,867,269
Special Education Instruction	20,151,666	732,905			20,884,571
Other Instruction	5,235,295	3,378,774			8,614,069
School-Sponsored Activities and Athletics	1,624,714				1,624,714
Support Services					
Student and Instruction Related Services	15,189,385	4,195,665			19,385,050
Attendance and Social Work	432,272				432,272
Educational Media/School Library	2,170,936				2,170,936
School Administrative Services	8,082,098				8,082,098
General Administrative Services	2,745,594				2,745,594
Plant Operations and Maintenance	11,151,601				11,151,601
Pupil Transportation	6,546,750				6,546,750
Central Services	2,575,636				2,575,636
Debt Service					
Principal	251,955			2,665,000	2,916,955
Interest and Other Charges	96,419			1,018,501	1,114,920
Capital Outlay	607,326	64,408	-	-	671,734
Total Expenditures	142,584,154	8,516,514	-	3,683,501	154,784,169
Excess (Deficiency) of Revenues Over Expenditures	4,273,264	-	4,266	(155,308)	4,122,222
OTHER FINANCING SOURCES (USES)					
Capital Leases (Non-Budget)	390,219				390,219
Transfers In	4,266			155,308	159,574
Transfers Out	-	-	(159,574)	-	(159,574)
Total Other Financing Sources and (Uses)	394,485	-	(159,574)	155,308	390,219
Net Change in Fund Balances	4,667,749	-	(155,308)	-	4,512,441
Fund Balance, Beginning of Year	587,520	-	192,066	1	779,587
Fund Balance, End of Year	\$ 5,255,269	\$ -	\$ 36,758	\$ 1	\$ 5,292,028

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

**CLIFTON BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 4,512,441

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 671,734	
Donated Assets	3,770	
Abandonment of Assets	(51,367)	
Depreciation Expense	<u>(2,771,918)</u>	
		(2,147,781)

Some of the district assets acquired this year were financed with capital leases. The amount financed by the lease is reported in the governmental funds as a source of financing. On the other hand, the lease proceeds are not revenues in the statement of activities but rather constitute long-term liabilities in the statement of net assets.

Capital Leases	(390,219)
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In the statement of activities, certain operating expenses - compensated absences and claims and judgments for self insurance claims - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences, Net	1,224,561
---------------------------	-----------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Reduction of Long-Term Debt	2,916,955
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Decrease in accrued interest	142,074
Amortization of Deferred Charge on Refunding	(25,453)
Amortization of Deferred Charge on Issuance Costs	<u>(12,262)</u>

Change in Net Assets of Governmental Activities (Exhibit A-2) \$ 6,220,316

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Food Service</u>	<u>Other Non Major Enterprise Funds</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 604,441	\$ 19,165	\$ 623,606
Intergovernmental Receivable			
State	14,092		14,092
Federal	619,549		619,549
Other Receivables	35,653	4,705	40,358
Inventories	29,911	-	29,911
	<hr/>	<hr/>	<hr/>
Total Current Assets	1,303,646	23,870	1,327,516
Noncurrent Assets			
Equipment	484,917		484,917
Less: Accumulated Depreciation	(366,327)	-	(366,327)
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	118,590	-	118,590
	<hr/>	<hr/>	<hr/>
Total Assets	1,422,236	23,870	1,446,106
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Current Liabilities			
Accounts Payable	260,092	1,209	261,301
Unearned Revenue	7,614	-	7,614
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	267,706	1,209	268,915
	<hr/>	<hr/>	<hr/>
Total Liabilities	267,706	1,209	268,915
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Invested in Capital Assets	118,590		118,590
Unrestricted	1,035,940	22,661	1,058,601
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 1,154,530	\$ 22,661	\$ 1,177,191
	<hr/>	<hr/>	<hr/>

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

**CLIFTON BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>Other Non Major Enterprise Funds</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales	\$ 1,465,641		\$ 1,465,641
Special Functions	<u>225,663</u>	<u>\$ 265,266</u>	<u>490,929</u>
Total Operating Revenues	<u>1,691,304</u>	<u>265,266</u>	<u>1,956,570</u>
OPERATING EXPENSES			
Cost of Sales	1,612,373		1,612,373
Salaries and Employee Benefits	1,484,708	221,959	1,706,667
Purchased Services	147,944	18,548	166,492
Supplies and Materials	452,213	2,098	454,311
Depreciation	<u>22,911</u>	<u>-</u>	<u>22,911</u>
Total Operating Expenses	<u>3,720,149</u>	<u>242,605</u>	<u>3,962,754</u>
Operating Income/(Loss)	<u>(2,028,845)</u>	<u>22,661</u>	<u>(2,006,184)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	47,470		47,470
Federal Sources			
School Breakfast Program	253,247		253,247
National School Lunch Program	2,035,171		2,035,171
Fresh Fruit and Vegetable Program	22,963		22,963
Interest and Investment Revenue	<u>4,137</u>	<u>-</u>	<u>4,137</u>
Total Nonoperating Revenues	<u>2,362,988</u>	<u>-</u>	<u>2,362,988</u>
Change in Net Assets	334,143	22,661	356,804
Total Net Assets, Beginning of Year	<u>820,387</u>	<u>-</u>	<u>820,387</u>
Total Net Assets, End of Year	<u>\$ 1,154,530</u>	<u>22,661</u>	<u>\$ 1,177,191</u>

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

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>Other Non Major Enterprise Funds</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 1,655,651	\$ 260,561	\$ 1,916,212
Cash Payments for Employees' Salaries and Benefits	(1,484,708)	(221,959)	(1,706,667)
Cash Payments to Suppliers for Goods and Services	<u>(1,973,712)</u>	<u>(19,437)</u>	<u>(1,993,149)</u>
Net Cash Provided by (Used by) Operating Activities	<u>(1,802,769)</u>	<u>19,165</u>	<u>(1,783,604)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	<u>1,706,060</u>	<u>-</u>	<u>1,706,060</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,706,060</u>	<u>-</u>	<u>1,706,060</u>
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	<u>(6,804)</u>	<u>-</u>	<u>(6,804)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(6,804)</u>	<u>-</u>	<u>(6,804)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>4,137</u>	<u>-</u>	<u>4,137</u>
Net Cash Provided by Investing Activities	<u>4,137</u>	<u>-</u>	<u>4,137</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(99,376)	19,165	(80,211)
Cash and Cash Equivalents, Beginning of Year	<u>703,817</u>	<u>-</u>	<u>703,817</u>
Cash and Cash Equivalents, End of Year	<u>\$ 604,441</u>	<u>\$ 19,165</u>	<u>\$ 623,606</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used by) Operating Activities			
Operating (Loss)	\$ (2,028,845)	\$ 22,661	\$ (2,006,184)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities			
Depreciation	22,911		22,911
Food Distribution Program- Non Cash Assistance	166,494		166,494
Change in Assets and Liabilities			
Increase/(Decrease) in Unearned Revenue	4,171		4,171
(Increase)/Decrease in Other Accounts Receivable	19,676	(4,705)	14,971
Increase/(Decrease) in Accounts Payable	17,150	1,209	18,359
(Increase)/Decrease in Inventory	<u>(4,326)</u>	<u>-</u>	<u>(4,326)</u>
Total Adjustments	<u>226,076</u>	<u>(3,496)</u>	<u>222,580</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ (1,802,769)</u>	<u>\$ 19,165</u>	<u>\$ (1,783,604)</u>
Non Cash Investing, Investing Capital and Financing Activities Value Received - Food Distribution Program	\$ 170,665	\$ -	\$ 170,665

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

**CLIFTON BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 335,974	\$ 72,845	\$ 1,011,653
Due from Other Funds	<u>-</u>	<u>-</u>	<u>17,706</u>
Total Assets	<u>335,974</u>	<u>72,845</u>	<u>\$ 1,029,359</u>
 LIABILITIES			
Payroll Deductions and Withholdings			\$ 571,287
Accrued Salaries and Wages			(10,822)
Due to Other Funds	17,706		
Due to Student Groups			428,337
Reserve for Auditorium Renovation			40,557
Intergovernmental Payable	<u>87,207</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>104,913</u>	<u>-</u>	<u>\$ 1,029,359</u>
 NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 231,061</u>	<u>\$ 72,845</u>	

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

**CLIFTON BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Employees	\$ 98,563	
Board	<u>660,000</u>	<u>-</u>
Total Contributions	<u>758,563</u>	<u>-</u>
Investment Earnings		
Interest	<u>234</u>	<u>\$ 240</u>
Net Investment Earnings	<u>234</u>	<u>240</u>
Total Additions	<u>758,797</u>	<u>240</u>
DEDUCTIONS		
Unemployment Claims and Contributions	<u>517,140</u>	<u>-</u>
Total Deductions	<u>517,140</u>	<u>-</u>
Change in Net Assets	241,657	240
Net Assets, Beginning of the Year	<u>(10,596)</u>	<u>72,605</u>
Net Assets, End of the Year	<u>\$ 231,061</u>	<u>\$ 72,845</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Clifton Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Clifton Board of Education this includes general operations, food service, before and after school child care, adult education, driver education and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. 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. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services 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, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and the food service enterprise funds to be major funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The district-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 with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The District also reports the following non-major proprietary funds which are organized to be self-supporting through user charges: Community School, which includes Adult Education and a Before and After Care program, Evening School for the Foreign Born and Drivers Education.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

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. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	20-25
Machinery and Equipment	5-20

5. *Compensated Absences*

It is the District’s policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board’s commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

6. *Long-term obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. *Long-term obligations (Continued)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Legally Restricted – NCLB Title I Audit Recovery Due to SEA – This reserve was created to represent the amount recovered as a result of an NCLB Title I audit of the District.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. *Fund Equity (Continued)*

Unassigned Fund Balance – 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.

8. *Reclassifications*

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$7,823,008. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

A capital reserve account was established by the District in September, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a 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 year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by 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. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010	\$ 111,833
Increased by:	
Interest earnings	\$ 555
Deposits Approved by Board Resolution	<u>3,776,707</u>
	<u>3,777,262</u>
Balance, June 30, 2011	<u>\$ 3,889,095</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$7,683,805.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$10,151,037 and bank balances of the Board's cash and deposits amounted to \$13,922,439. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 13,922,439</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk.. As of June 30, 2011 the Board's bank balance was not exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2011 for the district's individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Other Non-Major</u>	<u>Total</u>
Receivables:					
Accounts	\$ 202,108		\$ 35,653	\$ 4,705	\$ 242,466
Intergovernmental	<u>335,747</u>	<u>\$ 7,656,181</u>	<u>633,641</u>	<u>-</u>	<u>8,625,569</u>
Gross Receivables	537,855	7,656,181	669,294	4,705	8,868,035
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 537,855</u>	<u>\$ 7,656,181</u>	<u>\$ 669,294</u>	<u>\$ 4,705</u>	<u>\$ 8,868,035</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 3,206,970
Grant draw downs reserved for encumbrances	<u>1,472,305</u>
Total deferred revenues for governmental funds	<u>\$ 4,679,275</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	Balance, Balance, <u>June 30, 2011</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 8,374,289				\$ 8,374,289
Construction in Progress	<u>51,367</u>	<u>\$ 31,629</u>	<u>-</u>	<u>\$ (51,367)</u>	<u>31,629</u>
Total Capital Assets, Not Being Depreciated	<u>8,425,656</u>	<u>31,629</u>	<u>-</u>	<u>(51,367)</u>	<u>8,405,918</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,458,328				1,458,328
Building and Building Improvements	95,017,512	26,523			95,044,035
Machinery and Equipment	<u>7,493,442</u>	<u>617,352</u>	<u>\$ (428,025)</u>	<u>-</u>	<u>7,682,769</u>
Total Capital Assets Being Depreciated	<u>103,969,282</u>	<u>643,875</u>	<u>(428,025)</u>	<u>-</u>	<u>104,185,132</u>
Less Accumulated Depreciation for:					
Land Improvements	(1,036,695)	(20,352)			(1,057,047)
Building and Building Improvements	(38,087,208)	(2,343,810)			(40,431,018)
Machinery and Equipment	<u>(5,389,879)</u>	<u>(407,756)</u>	<u>428,025</u>	<u>-</u>	<u>(5,369,610)</u>
Total Accumulated Depreciation	<u>(44,513,782)</u>	<u>(2,771,918)</u>	<u>428,025</u>	<u>-</u>	<u>(46,857,675)</u>
Total Capital Assets, Being Depreciated, Net	<u>59,455,500</u>	<u>(2,128,043)</u>	<u>-</u>	<u>-</u>	<u>57,327,457</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,881,156</u>	<u>\$ (2,096,414)</u>	<u>\$ -</u>	<u>\$ (51,367)</u>	<u>\$ 65,733,375</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance <u>July 1, 2010</u>	Increases	Decreases	Balance, <u>June 30, 2011</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 478,113	\$ 6,804	-	\$ 484,917
Total Capital Assets Being Depreciated	<u>478,113</u>	<u>6,804</u>	-	<u>484,917</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(343,416)</u>	<u>(22,911)</u>	-	<u>(366,327)</u>
Total Accumulated Depreciation	<u>(343,416)</u>	<u>(22,911)</u>	-	<u>(366,327)</u>
Total Capital Assets, Being Depreciated, Net	<u>134,697</u>	<u>(16,107)</u>	-	<u>118,590</u>
Business-Type Activities Capital Assets, Net	<u>\$ 134,697</u>	<u>\$ (16,107)</u>	<u>\$ -</u>	<u>\$ 118,590</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Instruction		
Regular		\$ 1,434,255
Special		310,865
Other Instruction		124,952
School-Sponsored/Other Instructional		<u>36,276</u>
Total Instruction		<u>1,906,348</u>
Support Services		
Student and instruction related services		319,104
Attendance and social work		9,229
Educational media/school library		41,898
General administration		24,435
School administration		180,995
Operations and maintenance of plant		171,878
Student transportation		78,625
Central Services		<u>39,406</u>
Total Support Services		<u>865,570</u>
Total depreciation expense - governmental activities		<u>\$ 2,771,918</u>
Business-type activities:		
Food Service Fund		<u>\$ 22,911</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 2,082,180
General Fund	Capital Projects Fund	5,316
Payroll Agency	Unemployment Trust Fund	<u>17,706</u>
Total		<u>\$ 2,105,202</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Total</u>
Transfer Out:			
Capital Projects Fund	\$ 4,266	\$ 155,308	<u>159,574</u>
Total transfers out	<u>\$ 4,266</u>	<u>\$ 155,308</u>	<u>\$ 159,574</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Leases

Capital Leases

The District is leasing student transportation and utility vehicles totaling \$1,209,754 under capital leases. The leases are for terms of 3 to 5 years.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 259,790
2013	222,019
2014	163,085
2015	<u>112,705</u>
Total minimum lease payments	757,599
Less: amount representing interest	<u>60,562</u>
Present value of minimum lease payments	<u>\$ 697,037</u>

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2011 are comprised of the following issues:

\$6,520,000, 1998 Refunding Bonds, due in annual installments of \$460,000 to \$500,000 through August, 2014, interest at 4.75%	\$1,945,000
\$7,982,000, 2002 Bonds, due in annual Installments of \$560,000 to \$572,000 Through May 15, 2017, interest at 4.00% to 4.50%	3,372,000
\$9,855,000, 2004 Refunding Bonds, due in annual Installments of \$810,000 to \$860,000 through December 15, 2018 interest at 3.50% to 5.00%	5,865,000
\$11,149,000, 2005 Bonds, due in annual Installments of \$500,000 to \$825,000 through March 1, 2025 interest at 4.00% to 4.50%	9,549,000
\$2,417,000, 2007 Bonds, due in annual Installments of \$235,000 to \$287,000 through May 1, 2017 interest at 3.750% to 3.875%	<u>1,562,000</u>
	<u>\$22,293,000</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 2,655,000	\$ 916,504	\$ 3,571,504
2013	2,650,000	808,548	3,458,548
2014	2,675,000	693,819	3,368,819
2015	2,675,000	578,969	3,253,969
2016	2,270,000	473,791	2,743,791
2017-2021	6,094,000	1,290,024	7,384,024
2022-2025	<u>3,274,000</u>	<u>354,196</u>	<u>3,628,196</u>
	<u>\$ 22,293,000</u>	<u>\$ 5,115,851</u>	<u>\$ 27,408,851</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 426,755,589
Less: Net Debt	<u>22,297,909</u>
Remaining Borrowing Power	<u>\$ 404,457,680</u>

Advance and Current Refundings of Debt

On September 28, 2004, the District issued \$9,855,000 in School District Refunding Bonds having an interest rate of 2% to 3.75%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$9,350,000 and the total interest payments defeased was \$4,109,750. The net proceeds of \$10,009,591 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$356,337. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$640,226 and resulted in an economic gain of \$508,661.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2011</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 24,958,000		\$ 2,665,000	\$ 22,293,000	\$ 2,655,000
Less deferred amounts:					
On Refunding	<u>(190,799)</u>	<u>-</u>	<u>(25,453)</u>	<u>(165,346)</u>	<u>-</u>
 Total Bonds Payable	 24,767,201	 -	 2,639,547	 22,127,654	 2,655,000
 Capital leases	 558,773	 \$ 390,219	 251,955	 697,037	 231,514
Compensated absences	<u>7,345,730</u>	<u>405,767</u>	<u>1,630,328</u>	<u>6,121,169</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 32,671,704</u>	<u>\$ 795,986</u>	<u>\$ 4,521,830</u>	<u>\$ 28,945,860</u>	<u>\$ 2,886,514</u>

Capital leases and compensated absences are generally liquidated by the general fund.

Project Notes/Grant Anticipation Notes/Loans Payable

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants as well as to temporarily finance the delayed state aid payment received subsequent to the fiscal year end. The Board's short-term debt activity for the year ended June 30, 2011 was as follows:

<u>Purpose</u>	Balance, July 1, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2011</u>
Temporary Note- Delayed State Aid Payment	\$ 2,700,697		\$ 2,700,697	
Grant Anticipation Note	<u>3,983,980</u>	<u>-</u>	<u>3,983,980</u>	<u>-</u>
	<u>\$ 6,684,677</u>	<u>\$ -</u>	<u>\$ 6,684,677</u>	<u>\$ -</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Pooled Insurance Program of New Jersey. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 660,000	\$ 98,563	\$ 517,140	\$ 231,061
2010	200,000	220,852	505,571	(10,596)
2009		212,745	217,369	73,833

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2011	\$ 1,500,411	\$ 207,099
2010	1,110,968	225,707
2009	543,146	215,088

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$207,099, \$225,707 and \$215,088 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,592,774 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits 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 retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$4,398,799, \$4,239,092 and \$4,103,340, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 114,546,955	-	\$ 114,546,955	\$ 114,546,955	
Miscellaneous	808,000	-	808,000	757,736	\$ (50,264)
Sub-Total Local Sources	115,354,955	-	115,354,955	115,304,691	(50,264)
Federal Sources					
Medicaid Reimbursement	169,699	-	169,699	263,662	93,963
Sub-Total Federal Sources	169,699	-	169,699	263,662	93,963
State Sources					
Transportation Aid		-			
Special Education Aid	3,440,061	\$ 2,674,753	6,114,814	6,114,814	-
Equalization Aid	17,264,722	(2,674,753)	14,589,969	14,589,969	-
Extraordinary Aid	690,000	-	690,000	414,125	(275,875)
Nonpublic Transportation Aid				106,186	106,186
On-behalf TPAF Pension Contrib. (Non-budgeted)					
NCGI				207,099	207,099
Post-Retirement Medical Contribution				4,398,799	4,398,799
Reimbursed TPAF Social Security Contr. (Non-budgeted)	-	-	-	4,592,774	4,592,774
Sub-Total State Sources	21,394,783	-	21,394,783	30,423,766	9,028,983
Total Revenues	136,919,437	-	136,919,437	145,992,119	9,072,682
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	2,292,967	(61,000)	2,231,967	2,221,707	10,260
Grades 1-5	14,535,557	(329,000)	14,206,557	14,202,700	3,857
Grades 6-8	9,777,666	(230,000)	9,547,666	9,527,381	20,285
Grades 9-12	13,135,414	(371,000)	12,764,414	12,761,892	2,522
Regular Programs - Home Instruction					
Salaries of Teachers	130,000	-	130,000	107,063	22,937
Purchased Professional - Educational Services	50,000	-	50,000	36,963	13,037
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	120,000	61,000	181,000	147,507	33,493
Purchased Technical Services	594,955	-	594,955	512,071	82,884
Purchased Professional Educational Services	42,000	-	42,000	40,000	2,000
Other Purchased Services	7,000	-	7,000	3,210	3,790
General Supplies	1,733,254	358,860	2,092,114	1,896,122	195,992
Textbooks	339,023	824,502	1,163,525	881,344	282,181
Other Objects	100	-	100	-	100
Total Regular Programs	42,757,936	253,362	43,011,298	42,337,960	673,338

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Cognitive - Moderate					
Salaries of Teachers	\$ 69,731	\$ 26,500	\$ 96,231	\$ 95,756	\$ 475
Other Salaries for Instruction	23,488	500	23,988	23,804	184
Other Purchased Services	1,500	-	1,500	286	1,214
General Supplies	657	100	757	666	91
Textbooks	200	(100)	100	-	100
Total Cognitive - Moderate	<u>95,576</u>	<u>27,000</u>	<u>122,576</u>	<u>120,512</u>	<u>2,064</u>
Learning/Language Disabilities					
Salaries of Teachers	2,285,627	(85,000)	2,200,627	2,189,190	11,437
Other Salaries for Instruction	879,424	74,000	953,424	952,899	525
General Supplies	19,418	-	19,418	18,133	1,285
Textbooks	1,700	-	1,700	457	1,243
Total Learning/Language Disabilities	<u>3,186,169</u>	<u>(11,000)</u>	<u>3,175,169</u>	<u>3,160,679</u>	<u>14,490</u>
Behavioral Disabilities					
Salaries of Teachers	400,222	(47,000)	353,222	350,885	2,337
Other Salaries for Instruction	113,827	3,000	116,827	116,784	43
Other Purchased Services	500	-	500	173	327
General Supplies	2,906	(50)	2,856	2,783	73
Textbooks	365	50	415	388	27
Total Behavioral Disabilities	<u>517,820</u>	<u>(44,000)</u>	<u>473,820</u>	<u>471,013</u>	<u>2,807</u>
Multiple Disabilities					
Salaries of Teachers	847,392	(166,000)	681,392	671,792	9,600
Other Purchased Services	500	-	500	228	272
General Supplies	1,043	-	1,043	1,043	-
Textbooks	-	-	-	-	-
Total Multiple Disabilities	<u>848,935</u>	<u>(166,000)</u>	<u>682,935</u>	<u>673,063</u>	<u>9,872</u>
Resource Room/Resource Center					
Salaries of Teachers	4,095,115	(49,000)	4,046,115	4,045,980	135
General Supplies	8,096	-	8,096	6,876	1,220
Textbooks	150	-	150	-	150
Total Resource Room/Resource Center	<u>4,103,361</u>	<u>(49,000)</u>	<u>4,054,361</u>	<u>4,052,856</u>	<u>1,505</u>
Autism					
Salaries of Teachers	-	48,000	48,000	2,000	46,000
Total Autism	<u>-</u>	<u>48,000</u>	<u>48,000</u>	<u>2,000</u>	<u>46,000</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	586,070	48,000	634,070	633,915	155
Other Salaries for Instruction	271,781	10,000	281,781	280,243	1,538
Purchased Professional Educational Services	1,520	(300)	1,220	958	262
General Supplies	4,125	300	4,425	4,352	73
Total Preschool Handicapped - Part - Time	<u>863,496</u>	<u>58,000</u>	<u>921,496</u>	<u>919,468</u>	<u>2,028</u>
Total Special Education	<u>9,615,357</u>	<u>(137,000)</u>	<u>9,478,357</u>	<u>9,399,591</u>	<u>78,766</u>
Basic Skills/Remedial					
Salaries of Teachers	1,741,514	(305,000)	1,436,514	1,000,503	436,011
General Supplies	5,815	-	5,815	5,418	397
Total Basic Skills/Remedial	<u>1,747,329</u>	<u>(305,000)</u>	<u>1,442,329</u>	<u>1,005,921</u>	<u>436,408</u>
Bilingual Education					
Salaries of Teachers	2,273,044	72,000	2,345,044	2,345,010	34
Other Salaries for Instruction	160,825	-	160,825	152,919	7,906
Purchased Professional/Educational Services	13,800	-	13,800	2,810	10,990
General Supplies	39,300	-	39,300	36,130	3,170
Textbooks	27,000	-	27,000	26,214	786
Total Bilingual Education	<u>2,513,969</u>	<u>72,000</u>	<u>2,585,969</u>	<u>2,563,083</u>	<u>22,886</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Co-Curricular Activities					
Salaries	\$ 283,154	\$ 21,000	\$ 304,154	\$ 303,883	\$ 271
Purchased Services	72,350	45,000	117,350	116,353	997
Supplies and Materials	5,576	-	5,576	2,386	3,190
Other Objects	16,800	(3,000)	13,800	10,000	3,800
Total School Sponsored Co-Curricular Activities	<u>377,880</u>	<u>63,000</u>	<u>440,880</u>	<u>432,622</u>	<u>8,258</u>
School Sponsored Athletics					
Salaries	759,766	(31,000)	728,766	711,785	16,981
Purchased Services	92,262	-	92,262	75,611	16,651
Supplies and Materials	104,078	-	104,078	81,376	22,702
Other Objects	143,500	(19,200)	124,300	85,060	39,240
Total School Sponsored Athletics	<u>1,099,606</u>	<u>(50,200)</u>	<u>1,049,406</u>	<u>953,832</u>	<u>95,574</u>
Total - Instruction	<u>58,112,077</u>	<u>(103,838)</u>	<u>58,008,239</u>	<u>56,693,009</u>	<u>1,315,230</u>
Undistributed Expenditures					
Instruction					
Tuition Other LEA's Within the State - Regular	20,000	5,000	25,000	24,665	335
Tuition Other LEA's Within the State - Special	552,892	(112,000)	440,892	388,953	51,939
Tuition to County Vocational School - Regular	2,670,495	16,000	2,686,495	2,685,558	937
Tuition to County Vocational School - Special	131,803	54,000	185,803	185,660	143
Tuition to CSSD & Regional Day Schools	413,200	69,000	482,200	482,159	41
Tuition for Private Schools for the Disabled - Within State	6,179,805	(428,000)	5,751,805	5,362,297	389,508
Tuition - State Facilities	117,329	4,500	121,829	121,829	-
Tuition - Other	167,000	-	167,000	115,695	51,305
Total Undistributed Expenditures - Instruction	<u>10,252,524</u>	<u>(391,500)</u>	<u>9,861,024</u>	<u>9,366,816</u>	<u>494,208</u>
Attendance and Social Work Services					
Salaries	269,384	(5,000)	264,384	258,381	6,003
Purchased Professional/Technical Services	23,000	-	23,000	11,022	11,978
Other Purchased Services	300	-	300	300	-
Supplies and Materials	6,224	-	6,224	3,466	2,758
Total Attendance and Social Work Services	<u>298,908</u>	<u>(5,000)</u>	<u>293,908</u>	<u>272,869</u>	<u>21,039</u>
Health Services					
Salaries	1,637,302	13,000	1,650,302	1,649,815	487
Purchased Professional/Technical Services	75,400	(8,000)	67,400	56,811	10,589
Other Purchased Services	1,000	-	1,000	125	875
Supplies and Materials	25,214	-	25,214	24,083	1,131
Total Health Services	<u>1,738,916</u>	<u>5,000</u>	<u>1,743,916</u>	<u>1,730,834</u>	<u>13,082</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Speech OT/PT and Related Services					
Salaries	\$ 1,349,454	\$ (100,000)	\$ 1,249,454	\$ 1,234,354	\$ 15,100
Purchased Professional- Educational Services	1,192,538	(78,000)	1,114,538	918,763	195,775
Supplies and Materials	4,319	-	4,319	3,549	770
Total Speech, OT/PT & Related Serv.	2,546,311	(178,000)	2,368,311	2,156,666	211,645
Other Support Services - Students Extra Serv.					
Salaries	1,464,283	176,500	1,640,783	1,640,081	702
Purchased Professional/Educational Services	540,646	178,000	718,646	696,751	21,895
Supplies and Materials	794	-	794	-	794
Total Other Support Serv. - Students Extra Serv.	2,005,723	354,500	2,360,223	2,336,832	23,391
Guidance					
Salaries of Other Professional Staff	2,116,489	122,000	2,238,489	2,140,804	97,685
Salaries of Secretarial and Clerical Staff	305,579	(7,000)	298,579	289,232	9,347
Other Salaries	20,300	-	20,300	17,640	2,660
Purchased Professional/Educational Services	5,393	-	5,393	1,218	4,175
Other Purchased Professional/Technical Services	6,384	-	6,384	6,383	1
Other Purchased Services	2,200	-	2,200	199	2,001
Supplies and Materials	14,000	-	14,000	12,715	1,285
Total Guidance	2,470,345	115,000	2,585,345	2,468,191	117,154
Child Study Teams					
Salaries of Other Professional Staff	1,690,407	-	1,690,407	1,529,621	160,786
Salaries of Secretarial and Clerical Staff	69,872	-	69,872	63,871	6,001
Purchased Professional/Educational Services	50,000	-	50,000	30,958	19,042
Other Purchased Professional/Technical Services	56,300	-	56,300	48,505	7,795
Miscellaneous Purchased Services	9,500	-	9,500	4,822	4,678
Supplies and Materials	33,959	-	33,959	27,403	6,556
Total Child Study Teams	1,910,038	-	1,910,038	1,705,180	204,858
Improvement of Instruction Services/ Salaries of Supervisors of Instruction	419,584	(15,000)	404,584	368,912	35,672
Supplies and Materials	10,000	-	10,000	2,931	7,069
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	429,584	(15,000)	414,584	371,843	42,741
Educational Media Services/School Library					
Salaries	1,086,063	-	1,086,063	1,060,122	25,941
Salaries of Technology Coordinators	112,940	-	112,940	112,940	-
Purchased Professional/Technical Services	93,000	4,000	97,000	96,788	212
Other Purchased Services	2,000	-	2,000	367	1,633
Supplies and Materials	230,953	(4,000)	226,953	185,252	41,701
Total Educational Media Services/School Library	1,524,956	-	1,524,956	1,455,469	69,487

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Purchased Professional Educational Services	\$ 45,000	-	\$ 45,000	\$ 39,772	\$ 5,228
Total Instructional Staff Training Services	45,000	-	45,000	39,772	5,228
Support Services General Administration					
Salaries	706,119	\$ 15,000	721,119	684,137	36,982
Legal Services	385,000	-	385,000	326,402	58,598
Audit Fees	65,000	52,900	117,900	64,110	53,790
Other Purchased Professional Services	125,000	25,000	150,000	125,143	24,857
Purchased Technical Services	184,810	(19,000)	165,810	128,978	36,832
Communications/Telephone	612,500	(85,100)	527,400	506,214	21,186
BOE Other Purchased Services	4,000	-	4,000	93	3,907
Other Purchased Services	455,300	25,000	480,300	475,583	4,717
General Supplies	15,000	(200)	14,800	11,220	3,580
BOE In-House Training/Meeting Supplies	1,300	-	1,300	490	810
Miscellaneous Expenditures	3,000	300	3,300	3,265	35
BOE Membership Dues and Fees	28,500	-	28,500	26,663	1,837
Total Support Services General Administration	2,585,529	13,900	2,599,429	2,352,298	247,131
School Administration					
Salaries of Principals/Assistant Principals	3,320,664	(197,000)	3,123,664	3,045,602	78,062
Salaries of Other Professional Staff	882,734	-	882,734	845,447	37,287
Salaries of Secretarial and Clerical Assistants	1,133,652	30,000	1,163,652	1,162,250	1,402
Other Salaries	8,598	6,000	14,598	14,223	375
Purchased Professional and Technical Services	246,397	(3,000)	243,397	187,087	56,310
Other Purchased Services	20,535	-	20,535	15,323	5,212
Supplies and Materials	127,344	15,000	142,344	111,872	30,472
Membership Dues and Fees	2,300	(2,300)	-	-	-
Other Objects	-	2,300	2,300	-	2,300
Total School Administration	5,742,224	(149,000)	5,593,224	5,381,804	211,420
Central Services					
Salaries	949,513	(76,000)	873,513	854,983	18,530
Purchased Technical Services	106,000	-	106,000	96,171	9,829
Miscellaneous Purchased Services	4,500	-	4,500	496	4,004
Supplies and Materials	32,000	(4,500)	27,500	12,556	14,944
Interest on Bond Anticipation Notes	134,978	4,500	139,478	139,439	39
Other Objects	3,500	-	3,500	2,651	849
Total Central Services	1,230,491	(76,000)	1,154,491	1,106,296	48,195
Administrative Information Technology					
Salaries	248,319	-	248,319	248,318	1
Purchased Technical Services	713,430	(2,100)	711,330	642,080	69,250
Supplies and Materials	60,550	-	60,550	26,454	34,096
Total Administrative Information Technology	1,022,299	(2,100)	1,020,199	916,852	103,347

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 653,940	\$ (10,000)	\$ 643,940	\$ 638,376	\$ 5,564
Cleaning, Repair and Maintenance Services	220,000	15,553	235,553	235,059	494
General Supplies	160,000	8,100	168,100	167,594	506
Total Required Maintenance for School Facilities	1,033,940	13,653	1,047,593	1,041,029	6,564
Custodial Services					
Salaries	3,962,482	-	3,962,482	3,952,918	9,564
Purchased Professional and Technical Services	230,000	58,125	288,125	247,415	40,710
Cleaning, Repair and Maintenance Services	269,330	(8,500)	260,830	252,394	8,436
Rental of Land/Bldg. Other than Lease Pur. Agrmt.	117,000	-	117,000	117,000	-
Other Purchased Property Services	1,000	-	1,000	994	6
Insurance	116,546	400	116,946	116,936	10
Miscellaneous Purchased Services	44,713	-	44,713	28,800	15,913
General Supplies	336,000	(35,600)	300,400	266,939	33,461
Energy	1,077,230	243,099	1,320,329	1,142,606	177,723
Energy (Natural Gas)	1,164,329	(79,099)	1,085,230	675,475	409,755
Other Objects	25,000	-	25,000	17,220	7,780
Total Custodial Services	7,343,630	178,425	7,522,055	6,818,697	703,358
Care & Upkeep of Grounds					
Salaries	232,747	-	232,747	220,966	11,781
Cleaning, Repair and Maintenance Services	7,000	-	7,000	2,781	4,219
General Supplies	25,000	19,000	44,000	41,444	2,556
Total Care & Upkeep of Grounds	264,747	19,000	283,747	265,191	18,556
Security					
Purchased Professional and Technical Services	250,000	-	250,000	250,000	-
Total Security	250,000	-	250,000	250,000	-
Student Transportation Services					
Salaries of Non-Instructional Aides	756,248	49,000	805,248	805,021	227
Salaries for Pupil Transportation (Between Home and School) - Regular	497,041	60,000	557,041	549,568	7,473
Salaries for Pupil Transportation (Between Home and School) - Special	767,140	(21,000)	746,140	745,391	749
Salaries for Pupil Transportation (Other Than Between Home and School)	138,425	-	138,425	101,383	37,042
Management Fee - ESC & CTSA Transportation	63,591	-	63,591	61,839	1,752
Other Purchased Professional/Technical Services	16,700	-	16,700	10,056	6,644
Cleaning, Repair and Maintenance Services	10,000	2,500	12,500	12,368	132
Lease Purchase Payments - School Buses	149,741	-	149,741	149,739	2
Contracted Services (Other than Between Home & School)- Vendors	45,000	-	45,000	4,766	40,234
Contracted Services (Regular Students) - ESCs& CTSA	610,000	(212,500)	397,500	395,901	1,599
Contracted Services (Spl. Ed. Students) - ESCs& CTSA	1,576,605	16,000	1,592,605	1,591,107	1,498
Contracted Services-Aid in Lieu of Payments- Non-Public Schools	619,000	(67,400)	551,600	514,905	36,695
Miscellaneous Purchased Services - Transportation	53,268	-	53,268	45,157	8,111
Supplies and Materials	257,000	118,000	375,000	374,803	197
Transportation Supplies	35,000	15,000	50,000	48,669	1,331
Total Student Transportation Services	5,594,759	(40,400)	5,554,359	5,410,673	143,686

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 1,625,000	\$ (82,900)	\$ 1,542,100	\$ 1,542,094	\$ 6
Other Retirement Contributions - Regular	1,238,000	262,600	1,500,600	1,500,411	189
Unemployment Compensation	789,900	(126,600)	663,300	662,861	439
Workmen's Compensation	802,365	-	802,365	681,132	121,233
Health Benefits	23,727,639	(547,100)	23,180,539	22,597,480	583,059
Tuition Reimbursement	70,000	10,000	80,000	79,738	262
Other Employee Benefits	435,000	1,265,000	1,700,000	1,699,318	682
	<u>28,687,904</u>	<u>781,000</u>	<u>29,468,904</u>	<u>28,763,034</u>	<u>705,870</u>
On-behalf TPAF Pension Contr. (Non-budgeted)					
NCGI				207,099	(207,099)
Post-Retirement Medical Costs				4,398,799	(4,398,799)
Reimbursed TPAF Social Security Contributions (Non-budgeted)					
	-	-	-	4,592,774	(4,592,774)
	<u>76,977,828</u>	<u>623,478</u>	<u>77,601,306</u>	<u>83,409,018</u>	<u>(5,807,712)</u>
	<u>135,089,905</u>	<u>519,640</u>	<u>135,609,545</u>	<u>140,102,027</u>	<u>(4,492,482)</u>
CAPITAL OUTLAY					
Equipment					
Instruction					
Grades 1-5	32,000	-	32,000	31,284	716
Grades 9-12	32,750	24,350	57,100	53,058	4,042
Athletics		19,200	19,200	19,200	
Undistributed Expenditures					
Admin. Information Technology		56,449	56,449	55,800	649
Operation and Maintenance of Plant		31,100	31,100	24,084	7,016
School Buses - Regular	31,000	38,300	69,300	68,883	417
School Buses - Special	31,000	(1,000)	30,000	29,738	262
	<u>126,750</u>	<u>168,399</u>	<u>295,149</u>	<u>282,047</u>	<u>13,102</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Construction Services	\$ 50,000	\$ 20,551	\$ 70,551	\$ 19,381	\$ 51,170
Debt Service Assessment	67,354	-	67,354	67,354	-
Total Facilities Acquis. and Const. Services	<u>117,354</u>	<u>20,551</u>	<u>137,905</u>	<u>86,735</u>	<u>51,170</u>
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures					
Student Transportation	-	-	-	390,219	(390,219)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,219</u>	<u>(390,219)</u>
Interest Deposit to Capital Reserve	8,000	-	8,000	-	8,000
Total Capital Outlay	<u>252,104</u>	<u>188,950</u>	<u>441,054</u>	<u>759,001</u>	<u>(317,947)</u>
Transfer Funds to Charter School	1,577,428	80,000	1,657,428	1,657,286	142
Total Expenditures	<u>136,919,437</u>	<u>788,590</u>	<u>137,708,027</u>	<u>142,518,314</u>	<u>(4,810,287)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(788,590)</u>	<u>(788,590)</u>	<u>3,473,805</u>	<u>(4,262,395)</u>
Other Financing Sources (Uses)					
Transfers In		-		4,266	4,266
Audit Recovery-Title I Payment to SEA				(65,840)	(65,840)
Capital Leases (Non-Budgeted)	-	-	-	390,219	390,219
Total Other Financing Sources(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,645</u>	<u>328,645</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>(788,590)</u>	<u>(788,590)</u>	<u>3,802,450</u>	<u>(4,591,040)</u>
Fund Balances, Beginning of Year	<u>3,867,178</u>	<u>-</u>	<u>3,867,178</u>	<u>3,867,178</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,867,178</u>	<u>\$ (788,590)</u>	<u>\$ 3,078,588</u>	<u>\$ 7,669,628</u>	<u>\$ (4,591,040)</u>
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 3,889,095	
Legally Restricted-NCLB Title I Audit Recovery Due to SEA				101,760	
Assigned fund Balance					
Year-End Encumbrances				613,999	
Designated for Subsequent Year's Expenditures				300,000	
Unassigned Fund Balance					
				<u>2,764,774</u>	
Budgetary Fund Balance					
				<u>7,669,628</u>	
Reconciliation to Governmental Funds statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis			\$ 2,000,234		
Extraordinary Aid not recognized on a GAAP Basis			414,125		
				<u>2,414,359</u>	
Fund Balances Per Governmental Funds (GAAP)				<u>\$ 5,255,269</u>	

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 1,515,367	\$ (502,701)	\$ 1,012,666	\$ 816,616	\$ (196,050)
Federal	4,573,351	7,528,654	12,102,005	8,932,572	(3,169,433)
Local Sources					
Miscellaneous	-	8,465	8,465	8,465	-
Total Revenues	<u>6,088,718</u>	<u>7,034,418</u>	<u>13,123,136</u>	<u>9,757,653</u>	<u>(3,365,483)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,600,000	1,873,333	3,473,333	2,746,133	727,200
Other Salaries for Instruction		122,754	122,754	37,673	85,081
Salaries of Secretarial and Clerical Asst.		38,700	38,700	23,671	15,029
Purchased Professional/Technical Services		165,819	165,819	76,392	89,427
Purchased Professional/Educational Services	742,750	361,732	1,104,482	860,287	244,195
Tuition	160,000	(5,000)	155,000	155,000	-
Other Purchased Services		23,536	23,536	23,536	-
General Supplies	147,079	1,340,051	1,487,130	954,287	532,843
Textbooks	85,880	(1,586)	84,294	81,789	2,505
Total Instruction	<u>2,735,709</u>	<u>3,919,339</u>	<u>6,655,048</u>	<u>4,958,768</u>	<u>1,696,280</u>
Support Services					
Salaries of Teachers		2,400	2,400		2,400
Salaries of Directors		132,249	132,249	41,115	91,134
Salaries of Supervisors of Instruction	200,000	60,968	260,968	260,968	-
Salaries of Other Professional Staff	770,000	230,681	1,000,681	1,000,681	-
Salaries of Secretarial and Clerical Asst.	100,000	75,616	175,616	175,616	-
Other Salaries		82,860	82,860	18,175	64,685
Personal Services-Employee Benefits	553,522	248,386	801,908	766,472	35,436
Purchased Professional/Educational Services	1,674,487	(1,227,701)	446,786	165,357	281,429
Purchased Prof. & Technical Services		1,271,650	1,271,650	481,250	790,400
Travel		56,601	56,601	3,578	53,023
Other Purchased Services	55,000	183,682	238,682	186,829	51,853
Supplies and Materials	-	317,782	317,782	187,797	129,985
Total Support Services	<u>3,353,009</u>	<u>1,435,174</u>	<u>4,788,183</u>	<u>3,287,838</u>	<u>1,500,345</u>
Facilities Acquisition and Construction					
Instructional Equipment		1,554,905	1,554,905	1,501,628	53,277
Non-Instructional Equipment	-	125,000	125,000	9,419	259,419
Total Facilities Acquisition and Construction	<u>-</u>	<u>1,679,905</u>	<u>1,679,905</u>	<u>1,511,047</u>	<u>168,858</u>
Total Expenditures	<u>6,088,718</u>	<u>7,034,418</u>	<u>13,123,136</u>	<u>9,757,653</u>	<u>3,365,483</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLIFTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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 following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 145,992,119	C-2 \$	9,757,653
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized, net of cancellations			
June 30, 2010			231,166
June 30, 2011			(1,472,305)
Difference- Budget to GAAP			
State Aid payments and Extraordinary Aid Payment (2009/2010) recognized for GAAP Purposes not recognized for budgetary statements.	3,279,658		
Difference - Budget to GAAP:			
State Aid payments and Extraordinary Aid Payment (2010/2011) recognized for budgetary purposes, not recognized for GAAP statements	<u>(2,414,359)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 <u>146,857,418</u>	B-2 \$	<u>8,516,514</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 142,518,314	C-2 \$	9,757,653
Difference- budget to GAAP			
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and/or services are received for financial reporting purposes.			
June 30, 2010			231,166
June 30, 2011	<u>-</u>		<u>(1,472,305)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 <u>\$ 142,518,314</u>	B-2 \$	<u>8,516,514</u>

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

EXHIBIT D-1

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2011**

NOT APPLICABLE

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES
ALLOCATED BY RESOURCE TYPE - ACTUAL
AS OF JUNE 30, 2011**

NOT APPLICABLE

EXHIBIT D-3

**SCHEDULE OF BLENDED EXPENDITURES
BUDGET AND ACTUAL
AS OF JUNE 30, 2011**

NOT APPLICABLE

SPECIAL REVENUE FUND

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Local Programs	Carl Perkins	I.D.E.A.- Part B	I.D.E.A.- Part B Carryover	ARRA I.D.E.A.- Part B	I.D.E.A.- B-Basic Preschool	I.D.E.A.- Part B-Basic Preschool Carryover	ARRA I.D.E.A.- Part B-Basic Preschool	Total Exhibit E-1 Page 2
REVENUES									
Local Sources	\$ 8,465								\$ 8,465
State Sources	-	\$ 92,432	\$ 2,064,150	\$ 398,763	\$ 1,947,538	\$ 18,357	\$ 37,508	\$ 50,000	4,608,748
Federal Sources									
Total Revenues	\$ 8,465	\$ 92,432	\$ 2,064,150	\$ 398,763	\$ 1,947,538	\$ 18,357	\$ 37,508	\$ 50,000	\$ 4,617,213
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 3,465		\$ 287,875	\$ 72,549					\$ 363,889
Other Salaries for Instruction			35,636	37,673					37,673
Purchased Professional/Technical Services		\$ 15,050	155,000						35,636
Other Purchased Services			238						15,050
Tuition		47,923			\$ 143,934				155,000
General Supplies									192,095
Total Instruction	3,465	62,973	478,749	110,222	143,934				799,343
Support Services									
Salaries of Teachers			3,500	10,775					14,275
Salaries of Directors			208,952	12,000					220,952
Salaries of Supervisors of Instruction			727,922	15,610		\$ 18,357	\$ 26,502		788,391
Salaries of Other Professional Staff			142,796						142,796
Salaries of Secretarial and Clerical Assi.			112,861	231,572	131,083				475,516
Purchased Professional/Technical Services			119,836						119,836
Purchased Prof./Educational Services			269,534	11,368			11,006		291,908
Personal Services- Employee Benefits				600	75,152				75,752
Other Purchased Services					3,112				3,112
Travel									
Purchased Property Services	5,000	6,100		6,616	156,569				174,285
Supplies and Materials									
Total Support Services	5,000	6,100	1,585,401	288,541	365,916	18,357	37,508		2,306,823
Facilities Acquisition and Construction									
Instructional Equipment		23,359			1,428,269			\$ 50,000	1,501,628
Non-Instructional Equipment					9,419				9,419
Total Facilities Acquisition and Construction		23,359			1,437,688			50,000	1,511,047
Total Expenditures	\$ 8,465	\$ 92,432	\$ 2,064,150	\$ 398,763	\$ 1,947,538	\$ 18,357	\$ 37,508	\$ 50,000	\$ 4,617,213

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic ESL	Compensatory Education	Nonpublic Transportation	Supplemental Instruction	Nonpublic Exam. and Class	Nonpublic Corrective Speech	New Jersey Exhibit E-1 Page 3
REVENUES									
Local Sources	\$ 32,500	\$ 97,052	\$ 81,789	\$ 70,183	\$ 279,386	\$ 51,654	\$ 56,975	\$ 79,407	\$ 816,616
Slate Sources	-	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 32,500</u>	<u>\$ 97,052</u>	<u>\$ 81,789</u>	<u>\$ 70,183</u>	<u>\$ 279,386</u>	<u>\$ 51,654</u>	<u>\$ 56,975</u>	<u>\$ 79,407</u>	<u>\$ 816,616</u>
EXPENDITURES									
Instruction				\$ 23,671					\$ 23,671
Salaries of Secretarial and Clerical Asst.		\$ 97,052	\$ 70,183	255,715	\$ 51,654	\$ 57,264	\$ 79,407	\$ 67,381	678,656
Purchase Professional/Educational Services		-	-	-	-	-	-	-	81,789
Textbooks		-	-	-	-	-	-	-	-
Total Instruction	-	<u>97,052</u>	<u>81,789</u>	<u>70,183</u>	<u>279,386</u>	<u>57,264</u>	<u>79,407</u>	<u>67,381</u>	<u>784,116</u>
Support Services									
Salaries of Other Professional Staff	\$ 10,000								10,000
Purchased Prof. and Technical Services	9,000								9,000
Supplies and Materials	13,500								13,500
Total Support Services	<u>32,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,500</u>
Total Expenditures	<u>\$ 32,500</u>	<u>\$ 97,052</u>	<u>\$ 81,789</u>	<u>\$ 70,183</u>	<u>\$ 279,386</u>	<u>\$ 57,264</u>	<u>\$ 79,407</u>	<u>\$ 67,381</u>	<u>\$ 816,616</u>

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

CAPITAL PROJECTS FUND

CLIFTON BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Issue/Project Title</u>	<u>Expenditures to Date</u>		<u>Transfer to Debt Service Fund</u>	<u>Unexpended Balance, June 30, 2011</u>
		<u>Modified Appropriations</u>	<u>Prior Years Current Year</u>		
*	Technology & Telecommunications Upgrade	\$ 7,800,000	\$ 7,799,487		\$ 513
*	Construction of New Elementary School	20,670,000	20,587,726	\$ (82,274)	-
***	Window Replacement at School #9, Door Replacement at Christopher Columbus Middle School and Re-Roofing at High School	930,000	922,521		7,479
*****	Renovation of the High School Metal Shop into Two Classrooms	310,909	277,614		33,295
*****	Construction of Corridor Bridge (Walkway) at the High School	2,417,380	2,343,966	(73,034)	380
	Totals	\$ 31,931,314	\$ -	\$ (155,308)	\$ 41,667

Reconciliation to Fund Balance
 Project Appropriation Balance,
 June 30, 2011
 Less: Unrealized Revenue

Fund Balance, June 30, 2011 (GAAP Basis)

Analysis Authorized but not Issued
 * Elementary School
 **** High School Annex
 ***** Corridor Bridge High School

\$ 41,667	\$ 36,758
4,909	4,909

* On December 11, 2001, voters approved the construction of a new elementary school appropriation partially funded by \$177,953 from Improvement to Woodrow Wilson School, \$237,013 from Improvement to High School, and \$1,859,971 from Technology and tele-communication Upgrade. In addition the property was funded by SDA grant proceeds of \$4,909,072, capital reserve proceeds of \$5,500,000 and serial bonds of \$7,982,000 and \$3,981 of bonds authorized but not issued.

*** Funded by local share of \$619,789 and State SDA share of \$310,211.

**** On December 14, 2004, voters approved the construction of a high school annex appropriation, funded by bonds in the amount of \$11,149,000, SDA grant proceeds of \$4,004,000 and \$548 of bonds authorized but not issued.

***** Funded by local share of \$200,000 and State SDA share of \$110,909

***** Authorized on December 12, 2006 \$2,417,380 funded by bonds in the amount of \$2,417,000 and \$380 of bonds authorized but not issued.

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues and Other Financing Sources	
Interest on Investments	\$ <u>4,266</u>
Total Revenues	<u>4,266</u>
Expenditures and Other Financing Uses	
Transfer Out- Debt Service Fund	155,308
Transfer Out- General Fund	<u>4,266</u>
Total Expenditures	<u>159,574</u>
Excess (deficiency) or revenues over (under) expenditures	(155,308)
Fund Balance- Beginning	<u>192,066</u>
Fund Balance- Ending	<u><u>\$ 36,758</u></u>

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT -
BUDGETARY BASIS
WINDOW REPLACEMENT AT SCHOOL #9, DOOR REPLACEMENT AT CHRISTOPHER COLUMBUS
MIDDLE SCHOOL AND RE-ROOFING AT HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grants	\$ 310,211		\$ 310,211	\$ 310,211
Transfer from capital outlay	619,789		619,789	619,789
Total revenues	930,000	-	930,000	930,000
Expenditures and Other Financing Uses				
Construction Services	922,521	-	922,521	930,000
Total Expenditures	922,521	-	922,521	930,000
Excess (deficiency) or revenues over (under) expenditures	\$ 7,479	\$ -	\$ 7,479	\$ -
Additional project information:				
Project Number	0900-150-03-0417	0900-030-03-0415	0900-035-03-416	
Grant Date	12/23/2004	2/8/2005	1/19/2005	
Bond Authorization Date	N/A	N/A	N/A	
Bonds Authorized	N/A	N/A	N/A	
Bonds Issued	N/A	N/A	N/A	
Original Authorized Cost	\$ 930,000	N/A	N/A	
Additional Authorized Cost	-	N/A	N/A	
Revised Authorized Cost	N/A	N/A	N/A	
Percentage Increase over Original Authorized Cost				
Authorized Cost	N/A	N/A	N/A	
Percentage completion	100%	100%	100%	
Original target completion date	9/1/2003	9/1/2003	9/1/2003	
Revised target completion date	N/A	N/A	N/A	

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT-
BUDGETARY BASIS
TECHNOLOGY & TELECOMMUNICATIONS UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED AND JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ 7,800,000	-	\$ 7,800,000	\$ 7,800,000
Total revenues	7,800,000	-	7,800,000	7,800,000
Expenditures and Other Financing Uses				
Construction Services	7,799,487	-	7,799,487	7,800,000
Total Expenditures	7,799,487	-	7,799,487	7,800,000
Excess (deficiency) or revenues over (under) expenditures	\$ 513	\$ -	\$ 513	\$ -

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	Dec-98
Bonds Authorized	\$ 7,800,000
Bonds Issued	7,800,000
Original Authorized Cost	7,800,000
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original target completion date	9/1/2005
Revised target completion date	N/A

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT-
BUDGETARY BASIS
CONSTRUCTION OF NEW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grants	\$ 4,909,082		\$ 4,909,082	\$ 4,909,082
Bond proceeds and transfers	10,260,918		10,260,918	10,260,918
Transfer from capital reserve	5,500,000	-	5,500,000	5,500,000
	<u>20,670,000</u>	<u>-</u>	<u>20,670,000</u>	<u>20,670,000</u>
Expenditures and Other Financing Uses				
Purchase Prof/Tech Services	11,775		11,775	11,775
Construction Services	20,015,951		20,015,951	20,015,951
Transfer Out to Debt Service Fund	560,000	82,274	642,274	642,274
	<u>20,587,726</u>	<u>82,274</u>	<u>20,670,000</u>	<u>20,670,000</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 82,274</u>	<u>\$ (82,274)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	0900-N01-02-0215
Grant Date	2002
Bond Authorization Date	12/11/2001
Bonds Authorized	\$ 7,985,981
Bonds Issued	7,982,000
Original Authorized Cost	20,670,000
Additional Authorized Cost	0
Revised Authorized Cost	0
Percentage Increase over Original Authorized Cost	0%
Percentage completion	100%
Original target completion date	9/1/2004
Revised target completion date	N/A

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT-
BUDGETARY BASIS
RENOVATION OF THE HIGH SCHOOL METAL SHOP INTO TWO CLASSROOMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grants	\$ 110,909		\$ 110,909	\$ 110,909
Transfer from capital outlay	200,000	-	200,000	200,000
	<u>310,909</u>	<u>-</u>	<u>310,909</u>	<u>310,909</u>
Expenditures and Other Financing Uses				
Construction Services	277,614		277,614	310,909
	<u>277,614</u>	<u>-</u>	<u>277,614</u>	<u>310,909</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 33,295</u>	<u>\$ -</u>	<u>\$ 33,295</u>	<u>\$ -</u>
Additional project information:				
Project Number	0900-030-04-1000			
Grant Date	8/24/2005			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 363,919			
Decreased Authorized Cost	(53,010)			
Revised Authorized Cost	310,909			
Percentage Decrease under Original Authorized Cost 14%				
Percentage completion 100%				
Original target completion date 9/1/2005				
Revised target completion date N/A				

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT-
BUDGETARY BASIS
CONSTRUCTION OF CORRIDOR BRIDGE WALKWAY AT HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 2,417,000		\$ 2,417,000	\$ 2,417,380
Total revenues	<u>2,417,000</u>	<u>-</u>	<u>2,417,000</u>	<u>2,417,380</u>
Expenditures and Other Financing Uses				
Construction Services	2,251,456		2,251,456	2,251,836
Purchase Prof/Tech Services	92,510		92,510	92,510
Transfer Out to Debt Service Fund	-	73,034	73,034	73,034
Total Expenditures	<u>2,343,966</u>	<u>73,034</u>	<u>2,417,000</u>	<u>2,417,380</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 73,034</u>	<u>\$ (73,034)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	0900-140-04-1000
Grant Date	N/A
Bond Authorization Date	12/12/2006
Bonds Authorized	\$ 2,417,380
Bonds Issued	2,417,000
Original Authorized Cost	2,417,380
Decrease Authorized Cost	N/A
Revised Authorized Cost	N/A

Percentage Decrease under Original

Authorized Cost	N/A
Percentage completion	100%
Original target completion date	12/31/2008
Revised target completion date	N/A

ENTERPRISE FUNDS

Non-Major

**CLIFTON BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Driver Education</u>	<u>Community School</u>	<u>Evening School for Foreign Born</u>	<u>Non-Major Enterprise Fund Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,916	\$ 13,287	\$ 3,962	\$ 19,165
Other Receivables	<u>-</u>	<u>4,705</u>	<u>-</u>	<u>4,705</u>
Total Assets	<u>1,916</u>	<u>17,992</u>	<u>3,962</u>	<u>23,870</u>
LIABILITIES				
Accounts Payable	<u>-</u>	<u>1,209</u>	<u>-</u>	<u>1,209</u>
Total Liabilities	<u>-</u>	<u>1,209</u>	<u>-</u>	<u>1,209</u>
NET ASSETS				
Unrestricted	<u>1,916</u>	<u>16,783</u>	<u>3,962</u>	<u>22,661</u>
Total Net Assets	<u>\$ 1,916</u>	<u>\$ 16,783</u>	<u>\$ 3,962</u>	<u>\$ 22,661</u>

**CLIFTON BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Driver Education</u>	<u>Community School</u>	<u>Evening School for Foreign Born</u>	<u>Non-Major Enterprise Fund Total</u>
OPERATING REVENUES				
Local Sources				
Program Fees	\$ 53,491	\$ 201,615	\$ 10,160	\$ 265,266
 Total Operating Revenues	<u>53,491</u>	<u>201,615</u>	<u>10,160</u>	<u>265,266</u>
 OPERATING EXPENSES				
Salaries and Wages	51,575	164,186	6,198	221,959
Purchased Services		18,548		18,548
Supplies and Materials	-	2,098	-	2,098
 Total Operating Expenses	<u>51,575</u>	<u>184,832</u>	<u>6,198</u>	<u>242,605</u>
 Operating Income	<u>1,916</u>	<u>16,783</u>	<u>3,962</u>	<u>22,661</u>
 Change in Net Assets	1,916	16,783	3,962	22,661
 Total Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Net Assets, End of Year	<u>\$ 1,916</u>	<u>\$ 16,783</u>	<u>\$ 3,962</u>	<u>\$ 22,661</u>

**CLIFTON BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Driver Education</u>	<u>Community School</u>	<u>Evening School for Foreign Born</u>	<u>Non-Major Enterprise Fund Total</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 53,491	\$ 196,910	\$ 10,160	\$ 260,561
Cash Payments for Employees				
Salaries & Benefits	(51,575)	(164,186)	(6,198)	(221,959)
Cash Payments to Suppliers for Goods and Services	<u>-</u>	<u>(19,437)</u>	<u>-</u>	<u>(19,437)</u>
Net Cash Provided by Operating Activities	<u>1,916</u>	<u>13,287</u>	<u>3,962</u>	<u>19,165</u>
Net Increase in Cash and Cash Equivalents	1,916	13,287	3,962	19,165
Cash and Cash Equivalents, Beginning of Year Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,916</u>	<u>\$ 13,287</u>	<u>\$ 3,962</u>	<u>\$ 19,165</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	<u>\$ 1,916</u>	<u>\$ 16,783</u>	<u>\$ 3,962</u>	<u>\$ 22,661</u>
Adjustments to Reconcile Operating Change in Assets and Liabilities				
(Increase)/Decrease in Accounts Receivable		(4,705)		(4,705)
Increase/(Decrease) in Accounts Payable	<u>-</u>	<u>1,209</u>	<u>-</u>	<u>1,209</u>
Total Adjustments	<u>-</u>	<u>(3,496)</u>	<u>-</u>	<u>(3,496)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,916</u>	<u>\$ 13,287</u>	<u>\$ 3,962</u>	<u>\$ 19,165</u>

EXHIBIT G-4

**CLIFTON BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-5

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**CLIFTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	468,894	\$ 542,759	\$ 1,011,653
Due from Other Funds	-	17,706	17,706
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 468,894</u>	<u>\$ 560,465</u>	<u>\$ 1,029,359</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 571,287	\$ 571,287
Accrued Salaries and Wages		(10,822)	(10,822)
Due to Student Groups	\$ 428,337		428,337
Reserve for Auditorium Renovation	40,557	-	40,557
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 468,894</u>	<u>\$ 560,465</u>	<u>\$ 1,029,359</u>

**COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**CLIFTON BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2011</u>
MIDDLE SCHOOLS				
Woodrow Wilson	\$ 22,018	\$ 37,508	\$ 38,597	\$ 20,929
Christopher Columbus	24,627	40,233	39,666	25,194
	<u>46,645</u>	<u>77,741</u>	<u>78,263</u>	<u>46,123</u>
Total Middle Schools				
HIGH SCHOOL				
Clifton High School	265,893	336,724	301,164	301,453
	<u>265,893</u>	<u>336,724</u>	<u>301,164</u>	<u>301,453</u>
OTHER				
Internal Account	118,651	228,921	234,427	113,145
Athletic Account	686	57,939	55,098	3,527
Athletic Hall of Fame Acct	1,930	13,845	11,129	4,646
	<u>121,267</u>	<u>300,705</u>	<u>300,654</u>	<u>121,318</u>
Total Other				
Total All Schools	\$ 433,805	\$ 715,170	\$ 680,081	\$ 468,894

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	Cash <u>Receipt</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2011</u>
Payroll Deductions and Withholdings	\$ 506,691	\$ 38,157,143	\$ 38,092,547	\$ 571,287
Accrued Salaries and Wages	347	48,644,034	48,655,203	(10,822)
Due to/(from) Other Funds	10,949	459,705	488,360	(17,706)
	<u>517,987</u>	<u>87,260,882</u>	<u>87,236,110</u>	<u>542,759</u>
Total				

LONG-TERM DEBT

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
Refunding Bonds	6/15/1998	\$ 6,520,000	8/1/2011	\$ 500,000	4.75%				
			8/1/2012	495,000	4.75%				
			8/1/2013	490,000	4.75%				
			8/1/2014	460,000	4.75%	\$ 2,450,000	\$ 505,000	\$ 1,945,000	
School Improvements	5/1/2002	7,982,000	5/1/2012	560,000	4.000%				
			5/1/2013	560,000	4.100%				
			5/1/2014	560,000	4.250%				
			5/1/2015	560,000	4.400%				
			5/1/2016	560,000	4.500%				
			5/1/2017	572,000	4.500%	3,932,000	560,000	3,372,000	
Refunding Bonds	9/15/2004	9,855,000	12/15/2012	860,000	3.50%				
			12/15/2013	850,000	4.25%				
			12/15/2014	845,000	5.00%				
			12/15/2015	840,000	4.00%				
			12/15/2016	835,000	5.00%				
			12/15/2017	825,000	3.70%				
			12/15/2018	810,000	3.75%	6,740,000	875,000	5,865,000	

CLIFTON BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
School Improvements	2/1/2005	\$ 11,149,000	3/1/2012-13	\$ 500,000	4.00%				
			3/1/2014	525,000	4.00%				
			3/1/2015	550,000	4.00%				
			3/1/2016-18	600,000	4.25%				
			3/1/2019	775,000	4.25%				
			3/1/2020	800,000	4.25%				
			3/1/2021-2024	825,000	4.25%				
			3/1/2025	799,000	4.50%	\$ 10,049,000		\$ 500,000	\$ 9,549,000
School Improvements	5/15/2007	2,417,000	5/1/2012	235,000	3.75%				
			5/1/2013	245,000	3.75%				
			5/1/2014	255,000	3.75%				
			5/1/2015	265,000	3.75%				
			5/1/2016	275,000	3.75%				
			5/1/2017	287,000	3.875%	1,787,000		225,000	1,562,000
						\$ 24,958,000	\$ -	\$ 2,665,000	\$ 22,293,000

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2010</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2011</u>
2006 (5) Ford Cargo Vans	6.90%	\$ 100,845	\$ 5,749		\$ 5,749	
2006 Ford Escape	6.90%	27,120	5,164		5,164	
2007 Ford F-350/Jeep Liberty	7.35%	53,268	16,910		11,764	\$ 5,146
2008 Student Transportation	4.00%	150,634	61,368		30,079	31,289
2009 Student Transportation - (2) 54 Passenger Buses (2) 16 Passenger Buses	4.08%	232,638	139,639		44,698	94,941
2009 F-350	6.80%	87,146	65,007		16,582	48,425
2010 (2) 54 Passenger Buses	4.78%	162,574	148,029		30,167	117,862
2010 (3) 16 Passenger Buses	4.78%	133,275	116,907		24,735	92,172
2011 (3) 54 Passenger Buses	3.98%	252,600		\$ 252,600	53,729	198,871
2011 (3) 16 Passenger Buses	3.98%	137,619	-	137,619	29,288	108,331
			<u>\$ 558,773</u>	<u>\$ 390,219</u>	<u>\$ 251,955</u>	<u>\$ 697,037</u>

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 3,344,131		\$ 3,344,131	\$ 3,344,131	
State Sources					
Debt Service Aid	<u>184,062</u>	<u>-</u>	<u>184,062</u>	<u>184,062</u>	<u>-</u>
Total Revenues	<u>3,528,193</u>	<u>-</u>	<u>3,528,193</u>	<u>3,528,193</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,665,000		2,665,000	2,665,000	
Interest	<u>1,018,502</u>	<u>-</u>	<u>1,018,502</u>	<u>1,018,501</u>	<u>\$ 1</u>
Total Expenditures	<u>3,683,502</u>	<u>-</u>	<u>3,683,502</u>	<u>3,683,501</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(155,309)</u>	<u>-</u>	<u>(155,309)</u>	<u>(155,308)</u>	<u>1</u>
Transfers					
Transfer In	<u>155,308</u>	<u>-</u>	<u>155,308</u>	<u>155,308</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources/ (Uses)	(1)	-	(1)	-	1
Fund Balances, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

STATISTICAL SECTION

This part of the Clifton Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CLIFTON BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Governmental activities										
Invested in capital assets, net of related debt	\$ 6,847,130	\$ 20,604,913	\$ 25,790,618	\$ 30,775,120	\$ 33,383,517	\$ 39,274,156	\$ 42,503,225	\$ 42,797,060	\$ 42,982,992	
Restricted	11,885,703	207,997	318,433	146,489	154,001	201,024	251,808	152,608	3,990,856	
Unrestricted	(4,702,364)	972,164	(287,975)	3,208,553	861,866	(5,843,568)	(9,502,267)	(7,204,470)	(5,008,334)	
Total governmental activities net assets	\$ 14,030,469	\$ 21,785,074	\$ 25,821,076	\$ 34,130,162	\$ 34,399,384	\$ 33,631,612	\$ 33,252,766	\$ 35,745,198	\$ 41,965,514	
Business-type activities										
Invested in capital assets	\$ 151,963	\$ 129,936	\$ 109,226	\$ 89,258	\$ 104,352	\$ 100,099	\$ 97,834	\$ 134,696	\$ 118,590	
Unrestricted	88,553	(107,084)	(183,169)	(37,366)	144,314	227,909	399,392	685,691	1,058,601	
Total business-type activities net assets	\$ 240,516	\$ 22,852	\$ (73,943)	\$ 51,892	\$ 248,666	\$ 328,008	\$ 497,226	\$ 820,387	\$ 1,177,191	
District-wide										
Invested in capital assets, net of related debt	\$ 6,999,093	\$ 20,734,849	\$ 25,899,844	\$ 30,864,378	\$ 33,487,869	\$ 39,374,255	\$ 42,601,059	\$ 42,931,756	\$ 43,101,582	
Restricted	11,885,703	207,997	318,433	146,489	154,001	201,024	251,808	152,608	3,990,856	
Unrestricted	(4,613,811)	865,080	(471,144)	3,171,187	1,006,180	(5,615,659)	(9,102,875)	(6,518,779)	(3,949,733)	
Total district net assets	\$ 14,270,985	\$ 21,807,926	\$ 25,747,133	\$ 34,182,054	\$ 34,648,050	\$ 33,959,620	\$ 33,749,992	\$ 36,565,585	\$ 43,142,705	

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**CLIFTON BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities									
Instruction									
Regular	\$ 46,271,724	\$ 49,319,296	\$ 53,948,650	\$ 58,552,959	\$ 64,441,197	\$ 67,460,969	\$ 66,490,450	\$ 68,933,131	\$ 66,658,266
Special education	15,553,667	16,998,291	17,512,605	17,929,007	19,759,391	22,014,557	22,135,331	22,442,611	21,060,092
Other instruction	3,954,719	5,355,402	5,196,205	5,843,224	6,520,084	6,791,340	7,819,030	8,786,469	8,682,981
School Sponsored Activities and Athletics	1,099,738	1,154,529	1,297,316	1,466,108	1,609,940	1,695,298	1,812,413	1,821,826	1,658,877
Support Services:									
Student & instruction related services	14,432,793	14,335,424	16,490,601	17,142,470	18,476,650	19,256,879	20,063,190	19,866,468	19,561,320
Attendance and Social Work	243,033	235,473	275,233	322,234	356,703	376,159	382,552	400,485	437,362
Educational Media/School Library	2,406,869	2,797,505	3,021,073	3,240,944	3,379,492	3,495,426	3,485,013	3,332,302	2,194,043
School Administrative services	6,203,078	6,517,648	7,075,348	7,481,370	8,196,494	8,301,460	8,152,419	8,500,580	8,181,918
General administration	1,892,987	2,601,170	2,531,498	3,009,420	3,100,257	3,376,168	3,092,680	2,888,848	2,744,597
Central Services	1,650,773	1,708,111	2,271,440	2,368,487	2,742,118	2,742,118	2,509,388	2,614,709	2,597,369
Plant operations and maintenance	8,152,517	8,529,701	9,788,160	10,798,555	11,409,353	11,985,653	11,181,780	12,095,275	11,246,507
Pupil transportation	4,557,387	4,920,385	5,367,709	5,434,295	5,929,400	6,744,694	6,836,546	6,518,303	6,590,112
Interest on long-term debt	1,763,657	1,588,225	1,415,435	1,622,143	1,462,769	1,450,344	1,306,716	1,343,236	1,010,561
Total governmental activities expenses	108,182,942	116,061,160	126,191,273	135,211,216	147,425,714	155,691,065	155,267,508	159,544,243	152,624,005
Business-type activities:									
Food service	2,489,100	2,563,452	2,637,911	2,639,788	2,759,018	3,200,508	3,401,829	3,624,744	3,720,149
Other Non Major	215,660	206,678	226,375	213,350	215,424	243,358	287,938	371,989	242,605
Total business-type activities expense	2,704,760	2,770,130	2,864,286	2,853,138	2,974,442	3,443,866	3,689,767	3,996,733	3,962,754
Total district expenses	\$ 110,887,702	\$ 118,831,290	\$ 129,055,559	\$ 138,064,354	\$ 150,400,156	\$ 159,134,931	\$ 158,957,275	\$ 163,540,976	\$ 156,586,759
Program Revenues									
Governmental activities:									
Charges for services:									
Instruction (tuition)	\$ 272,367	\$ 145,775	\$ 34,415	\$ 32,423	\$ 118,770	\$ 32,559,368	\$ 25,354,325	\$ 163,840	\$ 218,265
Operating grants and contributions	22,332,995	23,559,193	25,228,575	25,989,927	30,167,740	1,145,327	3,664	30,279,308	24,939,721
Capital grants and contributions	1,621,224	3,928,523	304,722	2,802,673	-	-	-	50,469	68,178
Total governmental activities program revenues	24,226,586	27,633,491	25,567,712	28,825,023	30,286,510	33,704,695	25,357,989	30,493,617	25,226,164

**CLIFTON BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services:									
Food service	\$ 1,709,748	\$ 1,781,423	\$ 1,933,771	\$ 1,757,550	\$ 1,663,818	\$ 1,723,341	\$ 1,722,265	\$ 1,738,352	\$ 1,691,304
Other Non Major	210,933	191,182	203,274	205,546	206,983	231,425	268,838	344,735	265,266
Operating grants and contributions	786,779	674,555	602,769	972,846	1,251,511	1,542,366	1,843,456	2,205,537	2,358,851
Capital grants and contributions									
Total business type activities program revenues	2,707,460	2,647,160	2,739,814	2,935,942	3,122,312	3,497,132	3,834,559	4,288,624	4,315,421
Total district program revenues	\$ 26,934,046	\$ 30,280,651	\$ 28,307,526	\$ 31,760,965	\$ 33,408,822	\$ 37,201,827	\$ 29,192,548	\$ 34,782,241	\$ 29,541,585
Net (Expense)/Revenue									
Governmental activities	\$ (83,956,356)	\$ (88,427,669)	\$ (100,623,561)	\$ (106,386,193)	\$ (117,139,204)	\$ (121,986,370)	\$ (129,909,519)	\$ (129,050,626)	\$ (127,397,841)
Business-type activities	2,700	(122,970)	(124,472)	82,804	147,870	53,266	144,792	291,891	352,667
Total district-wide net expense	\$ (83,953,656)	\$ (88,550,639)	\$ (100,748,033)	\$ (106,303,389)	\$ (116,991,334)	\$ (121,933,104)	\$ (129,764,727)	\$ (128,758,735)	\$ (127,045,174)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 81,601,857	\$ 89,737,592	\$ 97,434,578	\$ 103,545,393	\$ 105,901,654	\$ 109,600,671	\$ 111,747,537	\$ 116,045,650	\$ 117,891,086
State Aid restricted for debt service	237,140	207,863	209,307	205,607	205,227	202,193	406,440	222,259	184,062
Unrestricted grants and contributions	4,111,892	5,418,705	5,999,608	9,193,993	9,335,015	9,842,006	16,188,770	14,534,014	14,999,272
Investment earnings									
Miscellaneous income	781,758	719,027	1,017,953	1,761,779	1,976,677	1,580,266	1,207,026	768,389	543,737
Transfers	194,503	99,087	(1,883)	(11,493)	(10,147)	(6,538)	(19,100)	(27,254)	
Total governmental activities	86,927,150	96,182,274	104,659,563	114,695,279	117,408,426	121,218,598	129,530,673	131,543,058	133,618,157
Business-type activities:									
Investment earnings	6,752	4,393	25,794	31,538	38,757	19,538	5,326	4,016	4,137
Transfers	(194,503)	(99,087)	1,883	11,493	10,147	6,538	19,100	27,254	
Total business-type activities	(187,751)	(94,694)	27,677	43,031	48,904	26,076	24,426	31,270	4,137
Total district-wide	\$ 86,739,399	\$ 96,087,580	\$ 104,687,240	\$ 114,738,310	\$ 117,457,330	\$ 121,244,674	\$ 129,555,099	\$ 131,574,328	\$ 133,622,294
Change in Net Assets									
Governmental activities	\$ 2,970,794	\$ 7,754,605	\$ 4,036,002	\$ 8,309,086	\$ 269,222	\$ (767,772)	\$ (378,846)	\$ 2,492,432	\$ 6,220,316
Business-type activities	(185,051)	(217,664)	(96,795)	125,835	196,774	79,342	169,218	323,161	356,804
Total district	\$ 2,785,743	\$ 7,536,941	\$ 3,939,207	\$ 8,434,921	\$ 465,996	\$ (688,430)	\$ (209,628)	\$ 2,815,593	\$ 6,577,120

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

CLIFTON BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 485,492	\$ 1,018,813	\$ 290,704	\$ 2,635,546	\$ 4,695,990	\$ 1,263,246	\$ 494,618	\$ 1,068,024	
Unreserved	577,115	971,772	2,920,460	5,501,708	1,190,769	(68,936)	(1,658,837)	(480,504)	
Restricted									\$ 3,990,855
Assigned									913,999
Unassigned									350,415
Total general fund	\$ 1,062,607	\$ 1,990,585	\$ 3,211,164	\$ 8,137,254	\$ 5,886,759	\$ 1,194,310	\$ (1,164,219)	\$ 587,520	\$ 5,255,269
All Other Governmental Funds									
Reserved	\$ 12,223,268	\$ 2,377,945	\$ 1,033,625	\$ 7,148,268	\$ 7,112,324	\$ 8,027,449			
Unreserved	(661,834)	1,547,122	6,511,087	1,152,431	3,244,549	1,466,827	\$ 1,031,298	\$ 192,067	
Restricted									\$ 36,759
Total all other governmental funds	\$ 11,561,434	\$ 3,925,067	\$ 7,544,712	\$ 8,300,699	\$ 10,356,873	\$ 9,494,276	\$ 1,031,298	\$ 192,067	\$ 36,759

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

CLIFTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Tax levy	\$81,601,857	\$89,737,592	\$97,434,578	\$103,545,393	\$105,901,654	\$109,600,671	\$111,747,537	\$116,045,650	\$117,891,086
Tuition charges	272,367	145,775	34,415	32,423	118,770				
Interest earnings	763,125	724,247	999,806	1,761,779	1,988,774	1,591,630	1,214,799	942,129	770,467
Miscellaneous	25,036,941	29,519,394	27,811,620	34,241,612	35,447,893	39,254,815	36,726,537	35,351,726	32,289,743
State sources	3,266,310	3,589,670	3,930,592	3,950,588	4,244,453	4,482,715	5,218,889	9,724,424	7,955,095
Federal sources									
Total revenue	110,940,600	123,716,678	130,211,011	143,531,795	147,701,544	154,929,831	154,907,762	162,063,929	158,906,391
Expenditures									
Instruction									
Regular instruction	45,278,621	48,795,079	52,636,314	56,509,944	62,838,866	65,563,194	64,804,238	67,689,412	65,867,269
Special education instruction	15,322,246	16,849,882	17,205,464	17,452,247	19,400,811	21,565,864	21,692,493	22,174,058	20,884,571
Other instruction	3,884,105	5,283,757	5,095,015	5,685,249	6,379,107	6,620,191	7,641,460	8,662,716	8,614,069
School sponsored activities and athletics	1,076,480	1,134,370	1,266,198	1,429,956	1,567,473	1,644,348	1,746,555	1,814,006	1,624,714
Support Services:									
Student & inst. related services	14,247,867	14,182,183	16,227,041	16,731,335	18,163,682	18,896,916	19,651,131	19,678,998	19,385,050
Attendance and Social Work	237,796	231,154	268,161	311,218	347,125	364,452	365,542	400,291	432,272
Educational Media/School Library	2,354,811	2,766,764	2,947,353	3,125,890	3,293,122	3,391,300	3,384,611	3,302,756	2,170,936
General administration	1,876,744	2,587,366	2,505,234	2,968,300	3,069,522	3,336,929	3,053,296	2,874,942	2,745,594
School administrative services	6,063,398	6,433,292	6,892,353	7,196,357	7,983,474	8,053,398	7,897,822	8,372,555	8,082,098
Central services	1,624,005	1,683,839	2,234,330	2,310,601	2,736,219	2,681,059	2,433,921	2,604,179	2,575,636
Plant operations and maintenance	8,027,186	8,452,525	9,616,117	10,532,546	11,197,551	11,706,754	10,830,205	12,089,328	11,151,601
Pupil transportation	4,515,142	4,894,990	5,302,435	5,332,205	5,850,266	6,645,269	6,690,712	6,516,614	6,546,750
Capital outlay	6,844,489	12,120,618	9,423,201	3,296,047	2,379,097	4,587,880	10,510,316	1,170,321	671,734
Debt service:									
Refunding bond issuance costs			134,047						
Principal	3,311,097	3,550,970	3,993,610	3,634,288	3,829,180	4,108,932	4,050,235	2,923,378	2,916,955
Interest and other charges	1,811,948	1,620,043	1,232,997	1,640,329	1,467,990	1,462,487	1,277,416	1,146,462	1,114,920
Total expenditures	116,475,935	130,586,832	136,979,870	138,156,512	150,503,485	160,628,973	166,029,953	161,420,016	154,784,169
Excess (Deficiency) of revenues over (under) expenditures	(5,535,335)	(6,870,154)	(6,768,859)	5,375,283	(2,801,941)	(5,699,142)	(11,122,191)	643,913	4,122,222

**CLIFTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS**

(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing sources (uses)									
Proceeds from borrowing			\$ 11,149,000		\$ 2,417,000				
Capital leases (non-budgeted)	\$ 39,995	\$ 62,678	295,156	\$ 318,287	197,228	\$ 150,634	\$ 319,784	\$ 295,849	\$ 390,219
Cancellation of prior years liability	18,633								
Accrued interest			18,147		3,539				
Refunding bonds issued			10,158,254						
Payment to refunded bond escrow agent			(10,009,591)						
Transfers in	1,263,968	1,294,094	672,930	239,932	251,676	616,819	52,356	571,829	159,574
Transfers out	(1,069,465)	(1,195,007)	(674,813)	(251,425)	(261,823)	(623,357)	(71,456)	(599,083)	(159,574)
Total other financing sources (uses)	253,131	161,765	11,609,083	306,794	2,607,620	144,096	300,684	268,595	390,219
Net change in fund balances	\$ (5,282,204)	\$ (6,708,389)	\$ 4,840,224	\$ 5,682,077	\$ (194,321)	\$ (5,555,046)	\$ (10,821,507)	\$ 912,508	\$ 4,512,441
Debt service as a percentage of noncapital expenditures	4.67%	4.36%	4.10%	3.91%	3.58%	3.57%	3.43%	2.54%	2.62%

* Noncapital expenditures are total expenditures less capital outlay.

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**CLIFTON BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Book Fines</u>	<u>Rentals</u>	<u>Refund P/Y Expend</u>	<u>Tuition</u>	<u>E-Rate Refund</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 503,251	\$ 13,471	\$ 137,513	\$ 30,220		\$	\$ 254,399	\$ 938,854
2003	176,666		164,950	25,039			2,581,135	2,947,790
2004	158,816	13,716	188,257	269,338			43,279	673,406
2005	369,018	10,582	188,685	168,596		\$ 145,960	10,582	893,423
2006	831,307	12,607	186,449	73,515		170,649	247,320	1,521,847
2007	1,210,888	8,655	188,237	68,598		160,636	87,987	1,725,001
2008	784,780	7,029	183,807	75,546	\$ 61,273	178,066	12,846	1,303,347
2009	186,043	4,160	118,630	322,385	172,981	231,814	118,657	1,154,670
2010	89,846	11,042	95,367	211,741	173,839	297,693	40,872	920,400
2011	86,146	14,396	103,701	203,126	218,265	122,644	9,458	757,736

CLIFTON BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Total Assessed Value				Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a			
	Vacant Land	Residential	Farm Reg.	Qfarm					Commercial	Industrial	Apartment
2002	\$ 74,552,500	\$ 3,534,800,000	\$ 688,000	\$ 15,000	\$ 741,593,400	\$ 646,959,700	\$ 133,320,300	\$ 5,131,928,900	\$ 5,144,226,349	\$ 6,174,102,382	\$ 1.577
2003	67,608,100	3,563,270,400	688,000	15,000	743,399,500	672,134,300	134,490,300	5,181,605,600	5,193,267,623	6,982,246,463	1.738
2004	62,575,800	3,617,852,900	622,500	15,000	760,817,200	663,763,300	134,845,500	5,240,492,200	5,250,476,607	8,037,541,718	1.856
2005	56,024,100	3,658,481,800	622,900	15,400	759,652,800	653,947,700	135,033,700	5,263,778,400	5,272,211,290	9,039,606,732	1.966
2006	50,982,900	3,682,556,500	275,600	11,300	734,930,000	651,736,500	134,594,400	5,254,887,200	5,262,142,010	9,024,344,668	2.014
2007	48,668,900	3,710,979,000	264,300	11,300	738,047,000	641,444,900	133,745,700	5,273,159,500	5,279,398,981	10,542,328,040	2.080
2008	54,923,000	3,745,403,300	-	11,600	744,422,200	634,379,300	132,588,300	5,311,727,900	5,318,889	11,351,818,555	2.101
2009	44,246,800	3,746,058,100	-	11,600	769,762,700	625,859,000	132,718,500	5,318,656,700	5,326,376,125	11,366,889,723	2.179
2010	48,270,200	3,744,605,200	-	11,600	761,627,100	615,699,100	138,332,200	5,308,545,400	5,318,144,827	10,725,528,322	2.217
2011	47,389,400	3,749,517,700	-	11,600	755,451,600	600,826,800	138,520,300	5,291,717,400	5,299,916,200	10,725,528,322	2.259

Source: County Abstract of Rates

^a Tax rates are per \$100

**CLIFTON BOARD OF EDUCATION
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN YEARS
 (Unaudited)
 (rate per \$100 of assessed value)**

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Municipality</u>	<u>County</u>	
2002	\$ 1.577	\$ 0.756	\$ 0.687	\$ 3.02
2003	1.738	0.810	0.712	3.26
2004	1.856	0.866	0.758	3.48
2005	1.966	0.956	0.818	3.74
2006	2.014	1.023	0.913	3.95
2007	2.080	1.123	0.987	4.19
2008	2.101	1.123	1.077	4.301
2009	2.179	1.264	1.074	4.516
2010	2.217	1.350	1.083	4.650
2011	2.259	1.413	1.122	4.794

Source: County Abstract of Ratables

**CLIFTON BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman La Roche	\$ 125,187,100	2.36%	\$ 139,334,100	2.71%
Clifton Commons, LLC	40,841,100	0.77%		
Castleton Assoc. LLC	40,501,500	0.76%		
Realted Retail Clifton LP			40,863,500	0.78%
Public Service	32,678,500	0.62%	32,376,200	0.61%
Morris Clifton Assoc. LLC	23,950,000	0.45%		0.00%
Country Club Towers I & II LLC	23,581,900	0.44%		0.00%
John Brunetti			31,975,200	0.60%
ITT Industries Inc.	20,098,100	0.38%	25,171,600	0.47%
Styertowne Shopping Center	19,622,400	0.37%		
Ransan LLC			23,238,000	0.44%
SDC Clifton commons, Inc.			20,848,100	0.39%
Reckson Operating Part, LP			20,772,700	0.40%
Clifpass Development	16,686,100	0.31%	17,132,600	0.33%
Target Corp	15,659,400	0.30%		
Bell Atlantic			15,860,549	0.30%
	<u>\$ 358,806,100</u>	<u>6.77%</u>	<u>\$ 367,572,549</u>	<u>7.04%</u>

Source: Municipal Tax Assessor

**CLIFTON BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 72,526,056	\$ 72,526,056	100.00%	-
2003	81,601,857	81,601,857	100.00%	-
2004	89,737,592	89,737,592	100.00%	-
2005	97,434,578	97,434,578	100.00%	-
2006	103,545,393	103,545,393	100.00%	-
2007	105,901,654	105,901,654	100.00%	-
2008	109,600,671	109,600,671	100.00%	-
2009	111,747,537	111,747,537	100.00%	-
2010	116,045,650	116,045,650	100.00%	-
2011	117,891,086	117,891,086	100.00%	-

Source: District Records

**CLIFTON BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2003	\$ 34,583,000	\$ 1,043,750	\$ 35,626,750	78,785	\$ 450
2004	31,573,000	835,458	32,408,458	78,345	411
2005	39,527,000	837,004	40,364,004	78,325	511
2006	36,217,000	831,003	37,048,003	78,057	475
2007	35,179,000	654,051	35,833,051	77,762	461
2008	31,379,000	495,753	31,874,753	77,811	406
2009	27,648,000	496,302	28,144,302	78,224	360
2010	24,958,000	558,773	25,516,773	84,136	303
2011	22,293,000	697,037	22,990,037	84,136	273

Source: District records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

CLIFTON BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2002	\$ 37,898,000		\$ 37,898,000	0.74%	\$ 480
2003	34,853,000		34,853,000	0.67%	442
2004	31,573,000		31,573,000	0.60%	403
2005	39,527,000		39,527,000	0.75%	505
2006	36,217,000		36,217,000	0.69%	464
2007	35,179,000		35,179,000	0.67%	452
2008	31,379,000	\$ 399,815	30,979,185	0.58%	398
2009	27,648,000	99,816	27,548,184	0.52%	352
2010	24,958,000	1	24,957,999	0.47%	319
2011	22,293,000	1	22,292,999	0.42%	285

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**CLIFTON BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Board of Education	\$ 23,562,909		\$ 23,562,909
City	<u>77,236,855</u>	<u>\$ 3,068,795</u>	<u>74,168,060</u>
	<u>\$ 100,799,764</u>	<u>\$ 3,068,795</u>	97,730,969
Overlapping Debt Apportioned to the Municipality:			
Passaic County:			
County of Passaic (A)			72,064,491
Passaic County Utilities Authority- Solid Waste (A)			12,182,555
Passaic Valley Sewerage Commission (B)			17,815,371
Passaic Valley Water Commission (C)			20,257,857
North Jersey District Water Supply Commission (B)			<u>1,673,281</u>
Total Direct and Overlapping Debt			<u>\$ 221,724,524</u>

Source:

(1) City's 2010 Annual Debt Statement

(A) The debt for this entity was apportioned to the City by dividing the municipality's 2010 equalized value by the total 2010 equalized value for Passaic County.

(B) The debt was computed based upon proportion of usage

(C) The debt was computed based upon ownership (Clifton - 14.29%, Paterson - 57.14%, Passaic - 28.57%)

CLIFTON BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 199,509,835	\$ 209,726,629	\$ 225,931,228	\$ 249,899,069	\$ 282,585,208	\$ 320,791,932	\$ 406,901,847	\$ 435,569,120	\$ 438,582,493	\$ 426,755,589
Total net debt applicable to limit	<u>32,324,718</u>	<u>42,814,781</u>	<u>34,853,000</u>	<u>31,583,298</u>	<u>39,537,846</u>	<u>36,221,529</u>	<u>31,383,909</u>	<u>27,652,909</u>	<u>24,962,909</u>	<u>22,297,909</u>
Legal debt margin	<u>\$ 167,185,117</u>	<u>\$ 166,911,848</u>	<u>\$ 191,078,228</u>	<u>\$ 218,315,771</u>	<u>\$ 243,047,362</u>	<u>\$ 284,570,403</u>	<u>\$ 375,517,938</u>	<u>\$ 407,916,211</u>	<u>\$ 413,619,584</u>	<u>\$ 404,457,680</u>
Total net debt applicable to the limit as a percentage of debt limit	16.20%	20.41%	15.43%	12.64%	13.99%	11.29%	7.71%	6.35%	5.69%	5.22%

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2010	\$ 10,228,411,175
2009	10,588,605,813
2008	11,189,652,201
	<u>\$ 32,006,669,189</u>
Average equalized valuation of taxable property	\$ 10,668,889,730
Debt limit (4 % of average equalization value)	426,755,589
Total Net Debt Applicable to Limit	<u>22,297,909</u>
Legal debt margin	<u>\$ 404,457,680</u>

Source: Annual Debt Statements

**CLIFTON BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2001	79,151	\$ 31,746	3.70%
2002	79,009	32,313	4.90%
2003	78,785	32,807	5.10%
2004	78,345	33,721	3.90%
2005	78,325	35,699	4.60%
2006	78,057	38,392	4.90%
2007	77,762	40,845	4.70%
2008	77,811	42,354	6.00%
2009	78,224	40,436	7.40%
2010	84,136	N/A	10.20%

Source: New Jersey State Department of Labor and Workforce Development

N/A - Not Available

CLIFTON BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2011		2002	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

**CLIFTON BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	562	565	617	636	638	657	665	684	659	642
Special education	127	128	139	142	136	134	143	135	120	121
Other special education	70	57	53	45	40	62	50	50	52	60
Vocational										
Other instruction	57	63	63	60	61	61	61	11	13	27
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	148	151	160	180	176	163	163	166	166	152
General administration	7	7	9	9	9	9	9	10	8	8
School administrative services	72	73	75	76	76	76	76	76	78	73
Other administrative services										
Central services	17	17	18	17	17	17	17	17	16	15
Administrative Information Technology	2	2	2	2	3	3	3	3	3	3
Plant operations and maintenance	91	92	93	99	100	100	100	98	98	96
Pupil transportation	40	40	41	47	47	44	42	44	47	47
Other support services	31	28	29	33	33	33	33	43	55	62
Special Schools										
Food Service	27	26	27	26	25	22	22	21	15	14
Child Care										
Total	1,251	1,249	1,326	1,372	1,361	1,381	1,384	1,358	1,330	1,320

Source: District Personnel Records

CLIFTON BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Teacher/Pupil Ratio											
	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	9,962	\$ 98,287,835	\$ 9,876	8.65%	691	11.20	9.70	11.70	9,962	9,462	2.93%	94.98%
2003	10,311	104,331,198	10,118	2.45%	698	12.88	11.96	13.71	10,311	9,800	3.50%	95.04%
2004	10,316	113,092,516	10,963	8.35%	725	11.52	11.06	13.06	10,316	9,806	0.05%	95.06%
2005	10,336	122,196,015	11,822	7.84%	782	11.19	11.12	12.93	10,336	9,804	0.19%	94.85%
2006	10,366	129,585,848	12,501	5.74%	786	14.71	11.62	12.65	10,336	9,859	0.29%	95.39%
2007	10,349	142,827,218	13,801	10.40%	791	12.62	12.29	14.48	10,349	9,830	0.13%	94.99%
2008	10,524	150,469,674	14,298	3.60%	808	13.57	12.12	12.61	10,426	9,865	0.74%	94.62%
2009	10,452	150,191,986	14,370	0.50%	819	14.27	11.79	12.39	10,452	9,859	0.25%	94.33%
2010	10,731	156,179,855	14,554	1.28%	779	14.04	12.16	14.82	10,731	10,169	2.67%	94.76%
2011	10,940	150,080,560	13,719	-5.74%	763	14.09	13.25	15.75	10,940	10,353	1.95%	94.63%

Sources: District records

Note: a Enrollment based on annual October district count.
 b Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.
 c Cost per pupil represents operating expenditures divided by enrollment.

EXHIBIT J-18

CLIFTON BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
Elementary										
School No. 1 (1930)										
Square Feet	32,035	32,035	32,035	32,035	32,035	32,035	32,035	32,035	32,035	32,035
Capacity (students)	209	209	209	209	209	209	209	209	209	209
Enrollment	262	256	245	240	281	274	281	277	290	313
School No. 2 (1930)										
Square Feet	60,660	60,660	60,660	60,660	60,660	60,660	60,660	60,660	60,660	60,660
Capacity (students)	339	339	339	339	339	339	339	339	339	339
Enrollment ^a	393	401	376	378	372	357	355	389	428	428
School No. 3 (1931)										
Square Feet	46,335	46,335	46,335	46,335	46,335	46,335	46,335	46,335	46,335	46,335
Capacity (students)	265	265	265	265	265	265	265	265	265	265
Enrollment	254	234	253	250	251	256	269	273	285	275
School No. 4 (1929)										
Square Feet	21,380	21,380	21,380	21,380	21,380	21,380	21,380	21,380	21,380	21,380
Capacity (students)	144	144	144	144	144	144	144	144	144	144
Enrollment	167	156	157	131	171	172	174	158	151	168
School No. 5 (1913)										
Square Feet	49,645	49,645	49,645	49,645	49,645	49,645	49,645	49,645	49,645	49,645
Capacity (students)	313	313	313	313	313	313	313	313	313	313
Enrollment ^a	338	346	332	324	324	330	340	342	367	371
School No. 8 (1926)										
Square Feet	27,830	27,830	27,830	27,830	27,830	27,830	27,830	27,830	27,830	27,830
Capacity (students)	193	193	193	193	193	193	193	193	193	193
Enrollment	215	181	189	199	188	188	198	202	219	221
School No. 9 (1924)										
Square Feet	52,225	52,225	52,225	52,225	52,225	52,225	52,225	52,225	52,225	52,225
Capacity (students)	297	297	297	297	297	297	297	297	297	297
Enrollment	310	315	313	284	257	273	274	288	309	313
School No. 11 (1905)										
Square Feet	56,946	56,946	56,946	56,946	56,946	56,946	56,946	56,946	56,946	56,946
Capacity (students)	353	353	353	353	353	353	353	353	353	353
Enrollment ^a	483	513	525	412	412	422	445	464	469	477
School No. 12 (1910)										
Square Feet	69,696	69,696	69,696	69,696	69,696	69,696	69,696	69,696	69,696	69,696
Capacity (students)	441	441	441	441	441	441	441	441	441	441
Enrollment	737	755	732	564	568	609	581	577	585	610

CLIFTON BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building (Continued)										
Elementary (Continued)										
School No. 13 (1928)										
Square Feet	52,460	52,460	52,460	52,460	52,460	52,460	52,460	52,460	52,460	52,460
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment ^a	388	423	390	385	409	382	400	424	440	467
School No. 14 (1953)										
Square Feet	39,815	39,815	39,815	39,815	39,815	39,815	39,815	39,815	39,815	39,815
Capacity (students)	267	267	267	267	267	267	267	267	267	267
Enrollment	272	294	296	287	282	269	279	293	38	322
School No. 15 (1921)										
Square Feet	29,860	29,860	29,860	29,860	29,860	29,860	29,860	29,860	29,860	29,860
Capacity (students)	210	210	210	210	210	210	210	210	210	210
Enrollment	412	437	454	394	345	320	347	332	345	349
School No. 16 (1957)										
Square Feet	37,695	37,695	37,695	37,695	37,695	37,695	37,695	37,695	37,695	37,695
Capacity (students)	257	257	257	257	257	257	257	257	257	257
Enrollment ^a	206	226	228	225	222	231	239	245	235	219
School No. 17 (2004)										
Square Feet										
Capacity (students)										
Enrollment										
Middle School										
Christopher Columbus (1929)										
Square Feet	123,085	123,085	123,085	123,085	123,085	123,085	123,085	123,085	123,085	123,085
Capacity (students)	761	761	761	761	761	761	761	761	761	761
Enrollment	1,152	1,301	1,287	1,300	1,273	1,221	1,238	1,193	1,153	1,134
Woodrow Wilson (1955)										
Square Feet	143,409	143,409	143,409	143,409	143,409	143,409	143,409	143,409	143,409	143,409
Capacity (students)	919	919	919	919	919	919	919	919	919	919
Enrollment	1,226	1,223	1,245	1,214	1,190	1,187	1,154	1,224	1,303	1,383
High School										
Clifton High School (1962)										
Square Feet	348,241	348,241	348,241	348,241	348,241	348,241	348,241	348,241	348,241	348,241
Capacity (students)	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337
Enrollment	3,146	3,250	3,291	3,336	3,313	3,346	3,423	3,239	2,819	2,920

EXHIBIT J-18

CLIFTON BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Other</u>										
Administration Building Square Feet	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
CHS Annex-290 Brighton Road Square Feet				70,000	70,000	70,000	70,000	70,000	70,000	70,000
Capacity (students)				500	500	500	500	500	500	500
Enrollment									472	418
Stadium Square Feet	503,118	503,118	503,118	503,118	503,118	503,118	503,118	503,118	503,118	503,118
Transportation Garage Square Feet	37,897	37,897	37,897	37,897	37,897	37,897	37,897	37,897	37,897	37,897
Number of Schools at June 30, 2011										
Elementary	14									
Middle School	2									
Senior High School	1									
	<u>17</u>									

Source: District Records

CLIFTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)

SCHOOL FACILITIES	PROJECT #	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
UNDISTRIBUTED EXPENDITURES REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXX											
Board of Education Building		\$ 270,603	\$ 279,512	\$ 342,979	\$ 316,149	\$ 923	\$ 23,157	\$ 47,450	\$ 42,994	\$ 41,155	\$ 27,053
Clifton Stadium		111,437	115,660	141,101	144,388	151,649	141,714	141,223	104,258	117,121	98,474
Transportation		95,652	98,793	103,165	124,289	128,932	114,979	115,536	118,698	84,449	78,121
Clifton High School	N/A	24,893	28,915	36,479	32,091	36,656	38,920	33,037	35,471	24,513	30,459
Clifton High School Annex		47,136	48,192	46,367	53,635	58,299	61,185	58,220	51,582	49,520	37,714
Woodrow Wilson Middle School	N/A	36,005	38,553	40,881	42,603	45,721	49,094	47,843	45,384	41,583	34,318
Christopher Columbus Middle School	N/A	16,613	19,278	16,367	21,286	23,929	29,245	23,074	23,860	20,380	24,938
School No. 1	N/A	38,577	38,553	38,876	47,842	57,245	52,160	49,159	41,618	42,630	35,675
School No. 2	N/A	21,626	19,277	26,751	25,376	28,949	35,206	27,983	28,622	23,242	18,283
School No. 3	N/A	40,582	38,553	40,292	46,722	52,866	54,720	47,676	45,470	36,627	33,187
School No. 4	N/A	44,250	48,192	42,493	52,036	54,923	62,025	50,968	58,837	44,086	38,550
School No. 5	N/A	54,158	57,830	54,732	58,086	63,988	62,613	72,111	53,797	49,556	45,418
School No. 6	N/A	7,771	7,227	7,506	7,921	8,159	8,455	9,814	8,396	62,488	-
School No. 7	N/A	40,764	38,553	42,923	50,639	56,362	53,559	57,641	55,918	52,299	49,122
School No. 8	N/A	30,939	28,915	30,486	38,361	40,193	45,890	40,390	35,097	30,573	24,019
School No. 9	N/A	27,554	28,915	36,661	41,482	40,308	43,887	33,620	37,375	26,245	23,255
School No. 10	N/A	29,291	28,915	44,395	33,849	47,030	46,302	44,890	39,429	35,156	34,332
School No. 11	N/A	N/A	N/A	N/A	84,564	92,951	118,746	123,687	108,406	86,965	79,686
School No. 12	N/A										
School No. 13	N/A										
School No. 14	N/A										
School No. 15	N/A										
School No. 16	N/A										
School No. 17	N/A										
GRAND TOTAL		\$ 937,851	\$ 963,833	\$ 1,092,654	\$ 1,221,319	\$ 1,344,897	\$ 1,374,317	\$ 1,418,940	\$ 1,305,368	\$ 1,138,213	\$ 1,041,029

Source: District Records

**CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2011
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Package Policy - Zurich Insurance Company		
Policy CPO370159801		
<u>Property and Casualty</u>		
Building & Contents Including Equipment Breakdown	\$ 236,450,912	\$ 5,000
Commercial General Liability	1,000,000	N/A
Boiler & Machinery Blanket Property Limit	100,000,000	1,000
Crime- Blanket Employee Dishonesty	500,000	5,000
Forgery or Alteration	50,000	1,000
Form C- Loss Inside & Outside Money & Securities	50,000	1,000
Computer Fraud	50,000	1,000
Earthquake- Blanket coverage	5,000,000	5% of Limit
Flood (Outside Zones A,V or B)	5,000,000	50,000
(Zone B)	2,000,000	100,000
(Zone A or V)	1,000,000	5,000,000
Commercial Automobile	1,000,000	
Towing & Labor		25
Comprehensive & Collision		1,000
 <u>Commercial Umbrella- American Alternative Ins. Co.</u>	 Limit	 Retention
<u>Policy 60A2UB000100401</u>	9,000,000	10,000
 <u>Excess Liability- Fireman's Fund</u>	 50,000,000	 10,000
<u>Policy SHX-000-6940-1388</u>		
 <u>School Board Legal Liability E&O - Darwin National Assurance</u>	 Limit	 Deductible
<u>Policy - 0202-0852</u>	1,000,000	25,000
<u>Includes Personal Injury Extension</u>		
 <u>Public Official Bonds-Hartford Fidelity Bonding</u>		
13SBBBD0888 Raymond Jacobus - Treasurer	525,000	N/A
13BSBBU3973 Karen Perkins - BA/BS	10,000	N/A
13BSBBU3966 G. Harriet Schuster - Student Activity Fund Director	50,000	N/A
13BSBFJ3487 B. Jursca - Asst. BA	10,000	N/A
 <u>Accidental Death & Dismemberment - Unum</u>		
<u>Policy - BTA 37350</u>		
Principal Sum	100,000	N/A
Aggregate	500,000	N/A

CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2011
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
<u>Environmental Impairment Liability-Site Specific-American Cas. Ins. Co.</u>		
<i>Claims Made From</i>	Limit	Deductible
<i>Policy - EIL-004059-08-09</i>		
Each Occurrence	\$ 1,000,000	
Aggregate	3,000,000	\$ 15,000
Program Aggregate	20,000,000	
 <u>Flood - American Bankers Ins Co of Florida</u>		
<i>Policy - 2044194300</i>	Limit	Deductible
School #16 - Building - 755 Grove St	105,000	1,000
Contents	25,000	1,000
 <u>Flood - FEMA</u>		
<i>National Flood Insurance Program</i>		
<i>Policy - 2031428846</i>		
Christopher Columbus Middle School - Building	242,000	500
Contents	146,800	500
 <u>Student Accident - Peoples Benefit Life Ins. Co.</u>		
<i>Policy-20441943000</i>		
P906 Interscholastic Sports		
Maximum Benefit Student Accident	500,000	N/A

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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

Honorable President and Members
of the Board of Trustees
Clifton Board of Education
Clifton, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clifton Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Clifton Board of Education's basic financial statements and have issued our report thereon dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Clifton Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Clifton Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clifton Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clifton Board of Education's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Clifton Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clifton Board of Education's financial statements are free of 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 Finance and Regulatory Compliance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Clifton Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 1, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 1, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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REGISTERED MUNICIPAL ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Independent Auditor's Report

Honorable President and Members
of the Board of Trustees
Clifton Board of Education
Clifton, New Jersey

Compliance

We have audited the Clifton Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Clifton Board of Education's major federal and state programs for the fiscal year ended June 30, 2011. Clifton Board of Education'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. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Clifton Board of Education's management. Our responsibility is to express an opinion on Clifton Board of Education's compliance based on our audit.

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 Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 Clifton Board of Education'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. Our audit does not provide a legal determination on Clifton Board of Education's compliance with those requirements.

In our opinion, Clifton Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of Clifton Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Clifton Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 Board's internal control over compliance.

A deficiency in internal control over compliance 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Gary J. Vinci
 Public School Accountant
 PSA Number CS00829

Fair Lawn, New Jersey
 December 1, 2011

CLIFTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010		Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	(Account Receivable)	Balance, June 30, 2011		Memo Only	
				(Accounts Receivable)	Deferred Revenue							Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education															
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	\$ 14,776,511	\$ (1,809,467)			\$ 1,809,467	\$ 14,589,969			\$ (1,400,164)		\$ 14,589,969		
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	14,589,969				13,189,805								
Equalization Aid	10-495-034-5120-014	7/1/09-6/30/10	1,352,753	(135,035)			135,035								
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	6,013,588	(594,153)			594,153								
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	6,114,814				5,514,744	6,114,814			(600,070)		6,114,814		
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	2,016,819	(162,042)			162,042								
Security Aid	11-495-034-5120-073	7/1/09-6/30/10	578,961	(578,961)			578,961								
Extraordinary Aid	10-100-034-5120-473	7/1/10-6/30/11	414,125					414,125			(414,125)		414,125		
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	108,218	(108,218)			108,218								
Non-Public Transportation Aid	N/A	7/1/09-6/30/10	106,186				207,099	106,186			(106,186)		106,186		
Non-Public Transportation Aid	11-495-034-5095-007	7/1/10-6/30/11	207,099				207,099						207,099		
TPAF Pension and Annuity Aid	11-495-034-5095-001	7/1/10-6/30/11	4,398,799				4,398,799	4,398,799					4,398,799		
TPAF Pension and Annuity Aid- Post Retirement Medical	10-495-034-5095-002	7/1/09-6/30/10	4,592,774				4,592,774	4,592,774			(229,561)		4,592,774		
TPAF Social Security Aid			4,592,774												
Total General Fund				(3,387,876)			31,061,536	30,423,766			(2,750,106)		30,423,766	(335,747)	
CHIPRA - NJ Family Care Outreach															
New Jersey Nonpublic Aid	N/A	7/1/09-6/30/10	76,000	(48,000)			24,000	32,500			(24,000)		32,500	(24,000)	
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	84,294				84,294	81,789					81,789		
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	101,036						436						2,505
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	97,052				97,052	97,052					97,052		
Auxiliary Services															
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	351,486				351,486	279,386					279,386		
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	788,871					484,477					484,477		
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	122,097				122,097	70,183					70,183		
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	142,884					88,938					88,938		
Transportation	11-100-034-5120-068	7/1/10-6/30/11	54,792				54,792	51,654					51,654		
Handicapped Services															
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	86,597				86,597	79,407					79,407		
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	183,530					75,113					75,113		
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	75,181				75,181	67,670					67,670		
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	146,163					67,702					67,702		
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	75,667				75,667	56,975					56,975		
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	150,525					77,097					77,097		
Total Special Revenue Fund				(48,000)			971,166	816,616			(24,000)		816,616	(24,000)	
State of New Jersey Educational Facilities Construction and Financing High School Annex	SP 0900-030-05-1000	N/A	4,004,000	(780,780)			780,780	780,780					780,780		
Total Capital Projects Fund				(780,780)			780,780	780,780					780,780		
State Department of Education Debt Service Aid, Type II	11-100-034-5120-125	7/1/10-6/30/11	184,062				184,062	184,062					184,062		
Total Debt Service Fund							184,062	184,062					184,062		

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010		Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2011		GAAP Receivable	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue						(Account Receivable)	Deferred Revenue		
State Department of Agriculture														
School Breakfast Program	10-100-010-3350-021	7/1/09-6/30/10	15,930	\$ (1,567)			1,567							
National School Lunch Pgm. (State Share)	11-100-010-3350-023	7/1/10-6/30/11	47,470			33,378	47,470			\$ (14,092)			\$ (14,092)	47,470
National School Lunch Pgm. (State Share)	10-100-010-3350-023	7/1/09-6/30/10	75,600	(4,986)		4,986								
Total Enterprise Funds				(6,553)		39,931	47,470			(14,092)			(14,092)	47,470
Total				\$ (4,223,209)	\$ 65,500	\$ 793,783	\$ 33,037,475	\$ 31,471,914	\$ 793,783	\$ -	\$ 33,000	\$ 163,050	\$ (373,839)	\$ 31,471,914
Law On-Behalf TPAF Pension and Annuity Aid														
TPAF Pension and Annuity Aid	11-495-034-5095-007	7/1/10-6/30/11	207,099				207,099	207,099						207,099
TPAF Pension and Annuity Aid- Post Retirement Medical	11-495-034-5095-001	7/1/10-6/30/11	4,398,799			4,398,799	4,398,799							4,398,799
Total for State Financial Assistance Determination							4,605,898	4,605,898						4,605,898
Total for State Financial Assistance Determination				\$ (4,223,209)	\$ 65,500	\$ 793,783	\$ 28,431,277	\$ 26,866,016	\$ 793,783	\$ -	\$ 33,000	\$ 163,050	\$ (373,839)	\$ 26,866,016

**CLIFTON BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Clifton Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules 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 Notes 1(C) to the Board's 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$865,299 for the general fund and a decrease of \$1,241,139 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 263,662	\$ 31,289,065	\$ 31,552,727
Special Revenue Fund	7,691,433	816,616	8,508,049
Debt Service Fund		184,062	184,062
Food Service Fund	<u>2,311,381</u>	<u>47,470</u>	<u>2,358,851</u>
Total Financial Assistance	<u>\$ 10,266,476</u>	<u>\$ 32,337,213</u>	<u>\$ 42,603,689</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$4,592,774 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$207,099 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,398,799 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ yes	<u>X</u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes	<u>X</u> none reported
Noncompliance material to the basic financial statements noted?	_____ yes	<u>X</u> no

Federal Awards Section

Internal Control over compliance:		
1) Material weakness(es) identified?	_____ yes	<u>X</u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes	<u>X</u> none reported
Type of auditor's report on compliance for major programs:	<u>Unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))?	_____ yes	<u>X</u> none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027/84.173</u>	<u>IDEA Part B/Preschool</u>
<u>84.391/84.392</u>	<u>ARRA IDEA Part B/Preschool</u>
<u>84.010</u>	<u>NCLB Title I</u>
<u>84.389</u>	<u>ARRA Title I</u>
<u>84.367</u>	<u>Title II</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>School Breakfast Program</u>
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs	\$ <u>345,228</u>
Auditee qualified as low-risk auditee?	_____ yes <u>X</u> no

CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

State Awards Section

Internal Control over compliance:

1) Material weakness(es) identified? _____ yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? _____ yes X none reported

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5095-002</u>	<u>TPAF Reimbursable Social Security</u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 805,980

Auditee qualified as low-risk auditee? _____ yes X no

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 3 – Schedule of Federal and State 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 and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2010-1:

Reporting of employee compensation for income tax purposes did not include the personal use of a District owned vehicle as taxable wages on the employee's W-2.

Current Status

Corrective action has been taken.