

CLIFTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CLIFTON, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Clifton Board of Education

Clifton, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

Business Office

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INTRODUCTORY SECTION

CLIFTON PUBLIC SCHOOLS
745 CLIFTON AVE., P.O. BOX 2209, CLIFTON, NJ 07015-2209
(973) 470 - 2288 • FAX (973) 773 - 8357

November 25, 2013

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, 2013 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 2012-2013 fiscal year with an average daily enrollment of 10,918 for in-district students. The district also had 162 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. There were four factors affecting the development and implementation of the district's 2012-2013 budget as follows:

- First, under the new state funding requirements, the district was only allowed to increase its tax levy amount by 2%, thereby minimizing tax increases to the local taxpayers. However, the CBOE maintained its efforts to further help the taxpayers by increasing the tax levy amount by only 1.75%.
- Secondly, the district received a 3% increase in state aid totaling \$724,521.00 from the amount received for the 2011-2012 school budget. This increase for 2012-2013 excludes the additional Equalization Aid received in 2011-2012 of \$1,245,230 which was earmarked for the 2013-2014 school budget.
- The third factor was the legislation passed in June 2011 (Chapter 78) changing the basis for determining the amount personnel have to contribute towards their health insurance premiums from 1.5% of their base salary to a sliding scale of their base salary for the type of plans the individual has. The sliding scale is implemented over a four year period with the first year starting at the conclusion of any contract in effect. Given that all contracts with the seven different associations had ended prior to July 1, 2011, the first year of the sliding scale was put into effect during the 2011-2012 school year for all personnel. For the 2012-2013 school budget, all personnel were required to contribute to their premiums for health insurance at the year 2 rate of the sliding scale, which was estimated to be double the amount received during 2011-2012 and was used to reduce the budget

amount for health benefits. With all personnel contributing towards their health insurance premiums, this has helped to stabilize the development of the budgets for 2011-2012 through 2013-2014 school years with little or no increase in that portion of the budget.

- The fourth factor impacting the development of the 2012-2013 budget was the unknown variable relative to possible increases in salary amounts due to the fact that three contracts with different associations remained unsettled. Eventually all contracts were settled during the 2012-2013 school year with salary increases at the tax levy cap of 2%. These increases in salary have also helped the district in stabilizing its future budgets.

Given all the factors above, the district was able to continue to include new personnel as well as capital improvement projects for much needed improvements to the district's aging facilities along with maintaining and improving the educational programs for the diversified needs of its students. It is expected that the district will continue to develop and implement sound and reasonable budgets in the future as these economic factors stabilize various aspects of the budget.

3. MAJOR INITIATIVES: The Clifton school district accomplished several initiatives during the 2012-2013 school year as follows:

- Replaced computers, monitors, and printers at 11 schools which completed the transition from a 7 year to a 6 year cycle for replacement of technology equipment. Also upgraded and centralized servers and storage for the 11 schools.
- Increased internet speed and capacity for the instructional network utilized by all students and staff throughout the district.
- Began training and implementation of new teacher evaluation program based on the Danielson Model using the Teachscape Online Training for Teacher Proficiency System, Teachscape Reflect System and Teachscape Learn System. This system provides intensive online training to both teachers and administrators and serves as the data solution tool for teacher observation and evaluation.
- Restored the final two media specialists bringing media instruction positions back to 2010-2011 levels.

- Extended Social Studies textbook adoptions to Grade 3 and 4 along with workbooks and support materials for both grades.
- Purchased and implemented a ten year subscription based modular Science textbook adoption for Grades 6-8. This textbook series is aligned to both Common Core ELA and Next Generation Science Standards.
- Began yearly purchase of consumable Common Core Supplements to the EnVisions Math series.

- Expanded Star Reading Assessment to Grades 2 through 5 and continued Star Reading in Grades 6-8. Expanded Accelerated Reader 2-8 into Grade 9.
- Planned and implemented capital improvement projects as follows:
 - i) Replaced and/or repaired roofs at Schools 9, 11, 13, 14, WWMS, HS Annex, Transportation Building, and Administration Building.
 - ii) Replacement of Stair Tower Doors at CHS to meet fire code regulations
 - iii) Replacement of auditorium seats at CHS
 - iv) Replacement of lockers at CHS in the Central and South Wings

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, 2013.

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, 2013 the Clifton School District's outstanding long-term debt issues included \$16,872,000 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 3. 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.

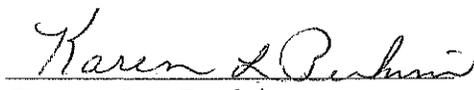
10) OTHER INFORMATION:

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.

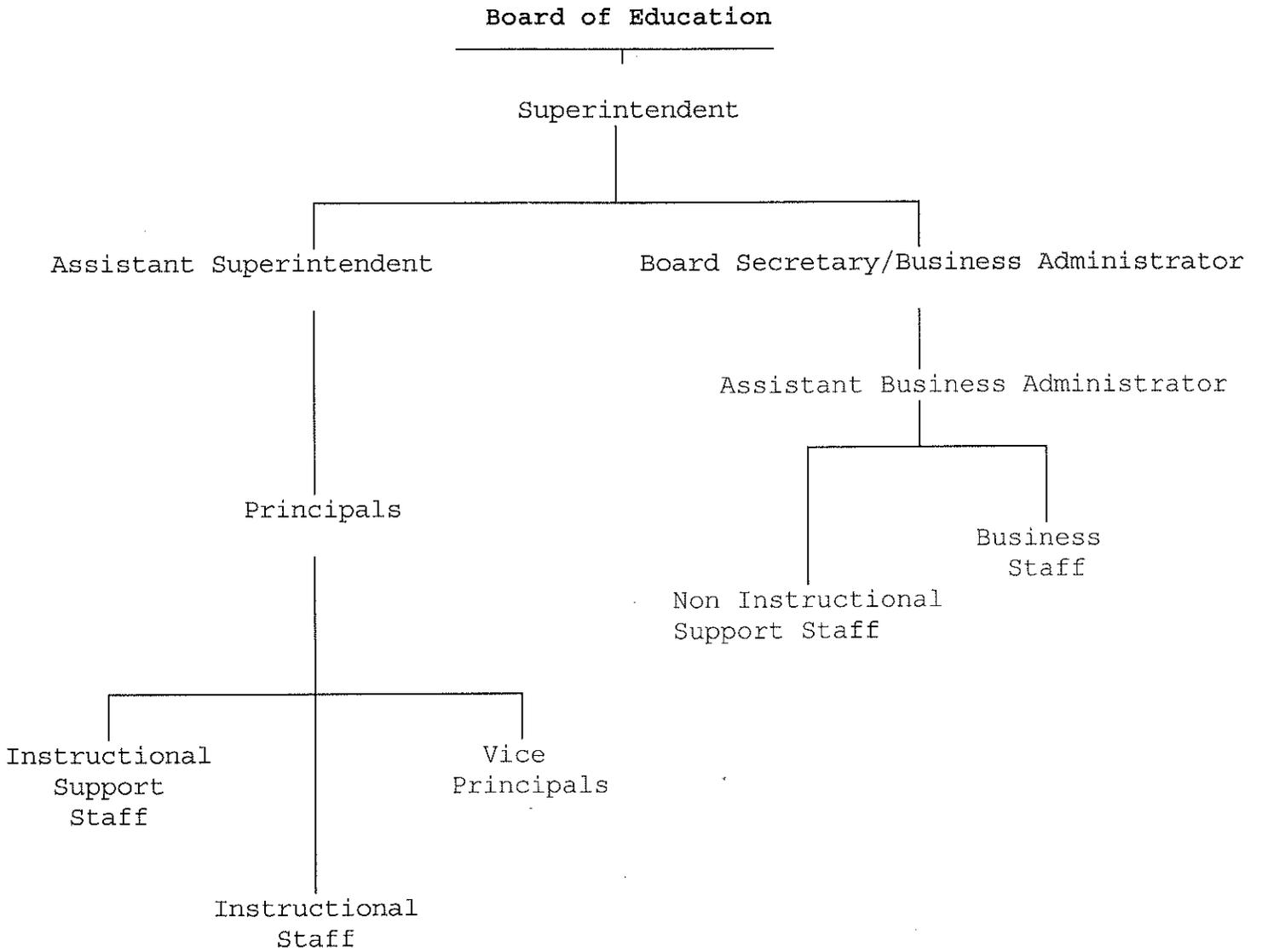
11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Clifton School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial 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

CLIFTON, NEW JERSEY

June 30, 2013

Roster of Officials

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Gary Passenti, President	2013
Arlene Agresti, Vice President	2014
Tafari Anderson	2015
Judith Bassford	2014
James Daley	2015
Lucy Danny	2014
Wayne Demikoff	2013
John Houston	2015
Mary Kowal	2013

Administrators

Richard Tardalo, Superintendent

Mark Tietjen, Assistant Superintendent

Karen L. Perkins, Board Secretary/Business Administrator

Carolina Rodriguez, Assistant Board Secretary
/Assistant Business Administrator

Raymond R. Jacobus, Treasurer

CLIFTON BOARD OF EDUCATION

Consultants and Advisors

Architects

DiCara/Rubino Architects
30 Galesi Drive
Wayne, New Jersey 07470

Audit Firm

Lerch, Vinci, & Higgins, LLP
17-17 Route# 208
Fair Lawn, New Jersey 07410

Attorneys

Machado Law Group
Isabel Machado, Esq.
Clark Parkway Plaza
136 Central Avenue , 2nd Floor
Clark, New Jersey 07066

Official Depository

TD Bank
101 Washington Street
Hoboken, New Jersey 07030

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clifton Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Information

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. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Clifton Board of Education.

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

The introductory section, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Clifton Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 25, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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, 2013. 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 2013 are as follows:

- District-Wide - Overall revenues were \$176,930,329. General revenues accounted for \$142,453,746 or 81 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$34,476,583 or 19 percent of total revenues of \$176,930,329.
- District-Wide - The School District had \$167,401,499 in expenses; only \$34,476,583 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted state aid) of \$142,453,746 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 \$17,290,048, an increase of \$5,837,613 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2013 and 2012, the unassigned fund balance reported in the General Fund was \$(179,677) and \$(97,438), respectively, a decrease from the prior year of \$82,239. The decrease is attributable to the increase in state aid resulting in larger delayed state aid payments at June 30, 2013. These delayed state aid payments are not recognized on a GAAP basis which caused a deficit in unassigned fund balance.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

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, 2013**

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 position Statement of activities	Balance sheet Statement of revenue, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position 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, deferred outflows/inflows of resources and liability information	All assets, deferred outflows/inflows of resources 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, deferred outflows/inflows of resources 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 position* presents information on all of the Clifton Board of Education's assets, deferred outflows/inflows of resource and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, 2013**

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, Extensions Child Care Program, 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, 2013**

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 position and a statement of changes in fiduciary net position. 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 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 position for fiscal years 2013 and 2012. For 2013 and 2012 they were \$61,629,707 and \$52,100,877, respectively.

By far the largest portion of the District's net position 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, 2013**

Table A-1
Statement of Net Position
As of June 30, 2013 and 2012

	Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Assets						
Current and Other Assets	\$ 22,783,106	\$ 22,809,204	\$ 1,349,581	\$ 1,236,499	\$ 24,132,687	\$ 24,045,703
Capital Assets	<u>67,506,249</u>	<u>66,397,632</u>	<u>215,922</u>	<u>97,993</u>	<u>67,722,171</u>	<u>66,495,625</u>
Total Assets	<u>90,289,355</u>	<u>89,206,836</u>	<u>1,565,503</u>	<u>1,334,492</u>	<u>91,854,858</u>	<u>90,541,328</u>
Deferred Outflows of Resources						
Deferred Amounts on Debt Refunding	<u>769,477</u>	<u>189,627</u>	<u>-</u>	<u>-</u>	<u>769,477</u>	<u>189,627</u>
Total Deferred Outflows of Resources	<u>769,477</u>	<u>189,627</u>	<u>-</u>	<u>-</u>	<u>769,477</u>	<u>189,627</u>
Total Assets and Deferred Outflows of Resources	<u>91,058,832</u>	<u>89,396,463</u>	<u>1,565,503</u>	<u>1,334,492</u>	<u>92,624,335</u>	<u>90,730,955</u>
Liabilities						
Current Liabilities	5,663,773	11,535,669	401,584	262,033	6,065,357	11,797,702
Noncurrent Liabilities	<u>24,927,535</u>	<u>26,832,376</u>	<u>-</u>	<u>-</u>	<u>24,927,535</u>	<u>26,832,376</u>
Total Liabilities	<u>30,591,308</u>	<u>38,368,045</u>	<u>401,584</u>	<u>262,033</u>	<u>30,992,892</u>	<u>38,630,078</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>1,736</u>	<u>-</u>	<u>1,736</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,736</u>	<u>-</u>	<u>1,736</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,591,308</u>	<u>38,368,045</u>	<u>403,320</u>	<u>262,033</u>	<u>30,994,628</u>	<u>38,630,078</u>
Net Position						
Net Investment in Capital Assets	49,664,750	46,050,770	215,922	97,993	49,880,672	46,148,763
Restricted	11,900,580	6,020,388	-	-	11,900,580	6,020,388
Unrestricted	<u>(1,097,806)</u>	<u>(1,042,740)</u>	<u>946,261</u>	<u>974,466</u>	<u>(151,545)</u>	<u>(68,274)</u>
Total Net Position	<u>\$ 60,467,524</u>	<u>\$ 51,028,418</u>	<u>\$ 1,162,183</u>	<u>\$ 1,072,459</u>	<u>\$ 61,629,707</u>	<u>\$ 52,100,877</u>

Governmental activities. Governmental activities increased the District's net position by \$9,439,106. Key elements of this increase are as follows (Table A-2):

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues						
Charges for Services and Sales			\$ 2,021,776	\$ 1,942,209	\$ 2,021,776	\$ 1,942,209
Operating Grants and Contributions	\$ 29,870,023	\$ 26,592,025	2,584,784	2,390,050	32,454,807	28,982,075
Capital Grants and Contributions	-	1,587,105			-	1,587,105
General Revenues						
Property Taxes	121,630,815	119,728,264			121,630,815	119,728,264
Unrestricted State and Federal Aid	17,777,000	17,005,219			17,777,000	17,005,219
State Aid Restricted for Debt Service	178,050	181,134			178,050	181,134
Other	2,866,965	1,001,353	916	1,312	2,867,881	1,002,665
Total Revenues	<u>172,322,853</u>	<u>166,095,100</u>	<u>4,607,476</u>	<u>4,333,571</u>	<u>176,930,329</u>	<u>170,428,671</u>
Expenses						
Instruction						
Regular	71,463,155	69,187,055			71,463,155	69,187,055
Special	24,308,541	22,405,872			24,308,541	22,405,872
Other Instruction	8,938,202	8,835,690			8,938,202	8,835,690
School Sponsored Activities & Ath.	1,713,200	1,791,516			1,713,200	1,791,516
Support Services						
Student and Instruction Related Serv.	20,938,361	20,505,150			20,938,361	20,505,150
Educational Media/School Library	2,891,497	2,556,649			2,891,497	2,556,649
School Administrative Services	8,605,927	7,872,388			8,605,927	7,872,388
General Administrative Services	2,793,661	2,694,879			2,793,661	2,694,879
Plant Operations and Maintenance	10,959,361	11,102,076			10,959,361	11,102,076
Pupil Transportation	6,723,371	6,520,750			6,723,371	6,520,750
Central Services	2,579,787	2,460,908			2,579,787	2,460,908
Food Service			4,212,477	3,981,710	4,212,477	3,981,710
Other Non-Major			305,275	237,165	305,275	237,165
Interest on Long-Term Debt	968,684	989,666	-	-	968,684	989,666
Total Expenses	<u>162,883,747</u>	<u>156,922,599</u>	<u>4,517,752</u>	<u>4,218,875</u>	<u>167,401,499</u>	<u>161,141,474</u>
Transfers	-	3,962	-	(3,962)	-	-
Change in Net Position	9,439,106	9,176,463	89,724	110,734	9,528,830	9,287,197
Net Position, Beginning of Year	<u>51,028,418</u>	<u>41,851,955</u>	<u>1,072,459</u>	<u>961,725</u>	<u>52,100,877</u>	<u>42,813,680</u>
Net Position, End of Year	<u>\$ 60,467,524</u>	<u>\$ 51,028,418</u>	<u>\$ 1,162,183</u>	<u>\$ 1,072,459</u>	<u>\$ 61,629,707</u>	<u>\$ 52,100,877</u>

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Governmental activities. The District's total governmental revenues were \$172,322,853. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$142,452,830 or 83% of total revenues. Program revenues from state and federal sources which includes capital grants and contributions amounted to \$29,870,023 or 17%.

The District's total governmental expenses were \$162,883,747 which are predominantly related to instruction and support services. Instruction totaled \$106,423,098 (65%), student support services totaled \$55,491,965 (34%) and interest on long-term debt total \$968,684 (1%) of total expenditures. (See Table A-4.)

Table A-3 Revenue by Type – Governmental Activities
For Fiscal Year 2013

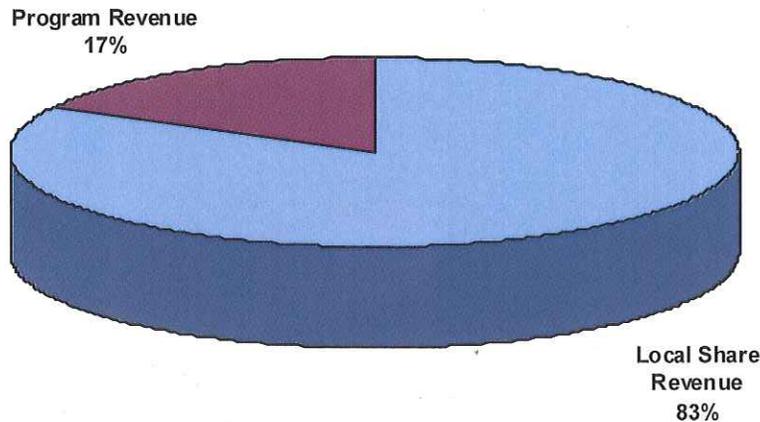
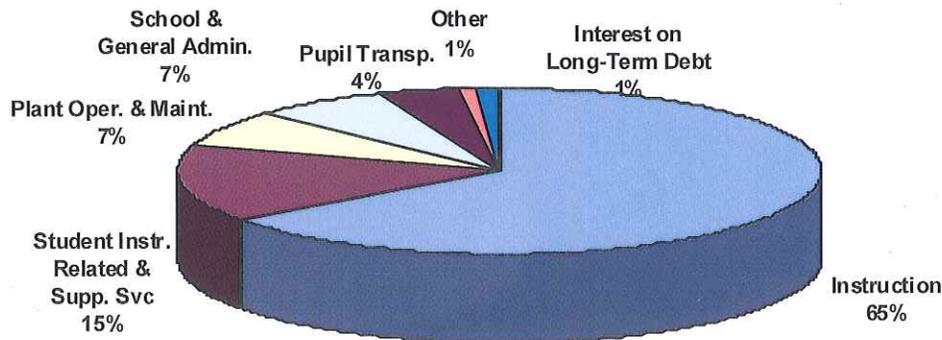


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2013



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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Instruction				
Regular	\$ 71,463,155	\$ 69,187,055	\$ 63,032,625	\$ 62,291,774
Special Education	24,308,541	22,405,872	14,203,542	11,969,613
Other Instruction	8,938,202	8,835,690	5,410,483	5,208,043
School Sponsored Activities and Athletics	1,713,200	1,791,516	1,680,620	1,686,843
Support Services				
Student and Instruction Related Svcs.	20,938,361	20,505,150	15,540,805	14,530,064
Educational Media/School Library	2,891,497	2,556,649	2,637,521	2,014,197
General Administrative Services	2,793,661	7,872,388	2,703,589	7,246,490
School Administrative Services	8,605,927	2,694,879	7,148,202	2,616,850
Plant Operations and Maintenance	10,959,361	11,102,076	10,959,361	10,940,520
Pupil Transportation	6,723,371	6,520,750	6,198,383	6,380,951
Central Services	2,579,787	2,460,908	2,529,909	2,424,417
Interest on Long-Term Debt	968,684	989,666	968,684	989,666
Total Governmental Activities	<u>\$ 162,883,747</u>	<u>\$ 156,922,599</u>	<u>\$ 133,013,724</u>	<u>\$ 128,299,428</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2013 was \$4,517,752. 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 position of \$89,724.

Major Enterprise Fund

Food Service Program

- Food service revenues were greater than expenses by \$46,560.
- Charges for services represent 39 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, 2013**

Non-Major Enterprise Funds

Extensions Child Care Program and Driver's Education.

- Revenues were greater than expenses by \$43,164.
- 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 \$17,290,048. In 2011-2012 the fund balance was \$11,452,435.

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 \$172,322,853 and expenditures were \$167,640,971.

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, 2013 and 2012.

	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 124,504,220	\$ 120,739,066	\$ 3,765,154	3.12%
State Sources	41,057,622	35,518,121	5,539,501	15.60%
Federal Sources	<u>6,761,011</u>	<u>9,837,913</u>	<u>(3,076,902)</u>	-31.28%
 Total	 <u>\$ 172,322,853</u>	 <u>\$ 166,095,100</u>	 <u>\$ 6,227,753</u>	 3.75%

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

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, 2013 and 2012.

	<u>Year Ended June 30, 2013</u>	<u>Year Ended June 30, 2012</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 104,286,296	\$ 100,203,944	\$ 4,082,352	4.07%
Undistributed	54,501,121	52,782,353	1,718,768	3.26%
Capital Outlay	4,215,591	3,436,175	779,416	22.68%
Debt Service				
Principal	3,031,865	2,999,522	32,343	1.08%
Interest and Other Costs	<u>1,606,098</u>	<u>1,093,987</u>	<u>512,111</u>	46.81%
 Total	 <u>\$ 167,640,971</u>	 <u>\$ 160,515,981</u>	 <u>\$ 7,124,990</u>	 4.44%

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 retroactive adjustments for salaries based on settled contracts.
- 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 2013 school year.

Capital Assets

By the end of 2013, the District – Governmental Activities had invested \$67,506,249 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 2013 balances compared to 2012.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Table A-6
Capital Assets as of June 30, 2013 and 2012
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</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	-	776,684			-	776,684
Buildings and Improvements	101,173,339	96,838,565			101,173,339	96,838,565
Machinery, Equipment and Vehicles	<u>8,536,223</u>	<u>8,349,859</u>	<u>\$ 768,371</u>	<u>\$ 608,148</u>	<u>9,304,594</u>	<u>8,958,007</u>
Total	119,542,179	115,797,725	768,371	608,148	120,310,550	116,405,873
Less: Accumulated Depreciation	<u>52,035,930</u>	<u>49,400,093</u>	<u>552,449</u>	<u>510,155</u>	<u>52,588,379</u>	<u>49,910,248</u>
Total	<u>\$ 67,506,249</u>	<u>\$ 66,397,632</u>	<u>\$ 215,922</u>	<u>\$ 97,993</u>	<u>\$ 67,722,171</u>	<u>\$ 66,495,625</u>

Overall capital assets for Governmental Activities increased \$1,108,617 (net of depreciation) from fiscal year 2012 to fiscal year 2013.

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

Debt Administration

At June 30, 2013, the District had \$24,065,711 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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
General Obligation Bonds	\$ 16,872,000	\$ 19,591,000
Capital Leases	877,152	809,147
Compensated Absences Payable	<u>6,316,559</u>	<u>6,295,887</u>
Total	<u>\$ 24,065,711</u>	<u>\$ 26,696,034</u>

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2013**

Moody's Investors Service has assigned an Aa2 enhanced rating to the Clifton Board of Education's \$32,189,000 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 Financial Statements of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- Capital Needs

During the past two school years, the district was able to place excess surplus in the capital reserve account in order to address capital projects to repair and/or replace roofs, windows, boilers, etc. in the district's aging facilities in order to maintain and improve the schools for educational programs.

- State Aid

Future budgets will continue to be affected by the availability of federal and state aid as well as changes to funding regulations established by new administration and/or legislation. As such, the district will strive to develop budgets to meet the needs of the diversified student population within the fiscal constraints existing.

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 POSITION
AS OF JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 16,153,154	\$ 788,103	\$ 16,941,257
Receivables, net			
Receivables from Other Governments	6,441,443	515,946	6,957,389
Other	163,940	51,964	215,904
Internal Balances	24,569	(24,569)	-
Inventory		18,137	18,137
Capital Assets, net			
Not Being Depreciated	8,374,289		8,374,289
Being Depreciated	59,131,960	215,922	59,347,882
Total Assets	<u>90,289,355</u>	<u>1,565,503</u>	<u>91,854,858</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	<u>769,477</u>	-	<u>769,477</u>
Total Deferred Outflows of Resources	<u>769,477</u>	-	<u>769,477</u>
Total Assets and Deferred Outflows of Resources	<u>91,058,832</u>	<u>1,565,503</u>	<u>92,624,335</u>
 LIABILITIES			
Accounts Payable and Other Liabilities	5,271,978	401,584	5,673,562
Payable to State Government	221,080		221,080
Accrued Interest Payable	170,715		170,715
Noncurrent Liabilities			
Due within one year	3,073,656		3,073,656
Due beyond one year	21,853,879	-	21,853,879
Total Liabilities	<u>30,591,308</u>	<u>401,584</u>	<u>30,992,892</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>1,736</u>	<u>1,736</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>1,736</u>	<u>1,736</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,591,308</u>	<u>403,320</u>	<u>30,994,628</u>
 NET POSITION			
Net Investment in Capital Assets	49,664,750	215,922	49,880,672
Restricted for			
Capital Projects	11,867,168		11,867,168
Debt Service	33,412		33,412
Unrestricted	<u>(1,097,806)</u>	<u>946,261</u>	<u>(151,545)</u>
Total Net Position	<u>\$ 60,467,524</u>	<u>\$ 1,162,183</u>	<u>\$ 61,629,707</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

CLIFTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 71,463,155		\$ 8,430,530		\$ (63,032,625)	\$	\$ (63,032,625)
Special Education	24,308,541		10,104,999		(14,203,542)		(14,203,542)
Other Instruction	8,938,202		3,527,719		(5,410,483)		(5,410,483)
School Sponsored Activities and Athletics	1,713,200		32,580		(1,680,620)		(1,680,620)
Support Services							
Student and Instruction Related Services	20,938,361		5,397,556		(15,540,805)		(15,540,805)
Educational Media/School Library	2,891,497		253,976		(2,637,521)		(2,637,521)
General and Business Administrative Services	2,793,661		90,072		(2,703,589)		(2,703,589)
School Administrative Services	8,605,927		1,457,725		(7,148,202)		(7,148,202)
Plant Operations and Maintenance	10,959,361				(10,959,361)		(10,959,361)
Pupil Transportation	6,723,371		524,988		(6,198,383)		(6,198,383)
Central Services	2,579,787		49,878		(2,529,909)		(2,529,909)
Interest on Long-Term Debt	968,684		-		(968,684)		(968,684)
Total Governmental Activities	162,883,747	-	29,870,023	-	(133,013,724)	-	(133,013,724)
Business-Type Activities							
Food Service	4,212,477	\$ 1,673,337	2,584,784		\$	\$ 45,644	\$ 45,644
Other Non Major	305,275	348,439	-		-	43,164	43,164
Total Business-Type Activities	4,517,752	2,021,776	2,584,784	-	-	88,808	88,808
Total Primary Government	\$ 167,401,499	\$ 2,021,776	\$ 32,454,807	\$ -	(133,013,724)	88,808	(132,924,916)
General Revenues							
Property Taxes, Levied for General Purposes, Net					118,373,808		118,373,808
Taxes Levied for Debt Service					3,257,007		3,257,007
State Aid - Restricted for Debt Service					178,050		178,050
State Aid Unrestricted					17,777,000		17,777,000
Miscellaneous Income					2,866,965	916	2,867,881
Total General Revenues					142,452,830	916	142,453,746
Change in Net Position					9,439,106	89,724	9,528,830
Net Position, Beginning of Year (Restated)					51,028,418	1,072,459	52,100,877
Net Position, End of Year					\$ 60,467,524	\$ 1,162,183	\$ 61,629,707

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

FUND FINANCIAL STATEMENTS

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 16,119,742		\$ 33,412	\$ 16,153,154
Receivables, Net				
Receivables from Other Governments	608,710	\$ 5,832,733		6,441,443
Other	138,815			138,815
Due from Other Funds	<u>2,594,192</u>	<u>-</u>	<u>-</u>	<u>2,594,192</u>
Total Assets	<u>\$ 19,461,459</u>	<u>\$ 5,832,733</u>	<u>\$ 33,412</u>	<u>\$ 25,327,604</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable and Accrued Salaries	\$ 2,204,823	\$ 894,761		\$ 3,099,584
Due to Other Funds		2,544,498		2,544,498
Payable to State Government		221,080		221,080
Unearned Revenue	<u>-</u>	<u>2,172,394</u>	<u>-</u>	<u>2,172,394</u>
Total Liabilities	<u>2,204,823</u>	<u>5,832,733</u>	<u>-</u>	<u>8,037,556</u>
Fund Balances				
Restricted:				
Excess Surplus Designated for Subsequent Year's Expenditures	2,466,852			2,466,852
Capital Reserve	11,867,168			11,867,168
Debt Service			\$ 33,412	33,412
Assigned:				
Year End Encumbrances	3,046,662			3,046,662
Designated for Subsequent Year's Expenditures	55,631			55,631
Unassigned:				
General Fund	<u>(179,677)</u>	<u>-</u>	<u>-</u>	<u>(179,677)</u>
Total Fund Balances	<u>17,256,636</u>	<u>-</u>	<u>33,412</u>	<u>17,290,048</u>
Total Liabilities and Fund Balances	<u>\$ 19,461,459</u>	<u>\$ 5,832,733</u>	<u>\$ 33,412</u>	

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

Total Government Fund Balances (Carried Forward) \$ 17,290,048

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$119,542,179 and the accumulated depreciation is \$52,035,930. 67,506,249

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (170,715)

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	(17,733,824)	
Deferred Outflows of Resources-		
Deferred Amounts on Debt Refunding	769,477	
Capital Leases Payable	(877,152)	
Compensated Absences	(6,316,559)	
		(24,158,058)

Net Position of Governmental Activities (Exhibit A-1) \$ 60,467,524

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Local Tax Levy	\$ 118,373,808		\$ 3,257,007	\$ 121,630,815
Miscellaneous	<u>2,866,965</u>	\$ 6,440	<u>-</u>	<u>2,873,405</u>
Total - Local Sources	121,240,773	6,440	3,257,007	124,504,220
State Sources	40,160,581	718,991	178,050	41,057,622
Federal Sources	<u>255,010</u>	<u>6,506,001</u>	<u>-</u>	<u>6,761,011</u>
Total Revenues	<u>161,656,364</u>	<u>7,231,432</u>	<u>3,435,057</u>	<u>172,322,853</u>
EXPENDITURES				
Current				
Instruction				
Regular Instruction	69,839,638	93,973		69,933,611
Special Education Instruction	23,191,658	699,213		23,890,871
Other Instruction	6,060,053	2,728,507		8,788,560
School-Sponsored Activities and Athletics	1,673,254			1,673,254
Support Services				
Student and Instruction Related Services	16,847,593	3,699,551		20,547,144
Educational Media/School Library	2,835,144			2,835,144
General Administrative Services	2,768,775			2,768,775
School Administrative Services	8,413,140			8,413,140
Plant Operations and Maintenance	10,763,418			10,763,418
Pupil Transportation	6,641,328			6,641,328
Central Services	2,532,172			2,532,172
Debt Service				
Principal	376,865		2,655,000	3,031,865
Interest and Other Charges	115,179		780,058	895,237
Cost of Issuance			100,366	100,366
Advance Refunding Escrow			610,495	610,495
Capital Outlay	<u>4,205,403</u>	<u>10,188</u>	<u>-</u>	<u>4,215,591</u>
Total Expenditures	<u>156,263,620</u>	<u>7,231,432</u>	<u>4,145,919</u>	<u>167,640,971</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,392,744</u>	<u>-</u>	<u>(710,862)</u>	<u>4,681,882</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases (Non-Budget)	444,870			444,870
Refunding bond Proceeds			7,410,000	7,410,000
Premium on Refunding bonds			774,861	774,861
Payment to Refunded Bond Escrow Agnet	<u>-</u>	<u>-</u>	<u>(7,474,000)</u>	<u>(7,474,000)</u>
Total Other Financing Sources and (Uses)	<u>444,870</u>	<u>-</u>	<u>710,861</u>	<u>1,155,731</u>
Net Change in Fund Balances	5,837,614	-	(1)	5,837,613
Fund Balance, Beginning of Year	<u>11,419,022</u>	<u>-</u>	<u>33,413</u>	<u>11,452,435</u>
Fund Balance, End of Year	<u>\$ 17,256,636</u>	<u>\$ -</u>	<u>\$ 33,412</u>	<u>\$ 17,290,048</u>

The accompanying Notes to the 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, 2013**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 5,837,613**

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 capital outlay exceeds depreciation in the current period.

Capital Outlay	\$	4,215,591	
Depreciation Expense		<u>(3,106,974)</u>	1,108,617

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 position.

Capital Leases			(444,870)
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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			(20,672)
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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 position. 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.

Refunding bond Proceeds	\$	(7,410,000)	
Premium on Refunding Bonds		(774,861)	
Payments to Escrow Agent for Refunding		8,084,495	
Amortization of Bond Premium		49,379	
Amortization of Deferred Amounts on Refunding		(30,645)	
Principal Payments-			
Bonds		2,655,000	
Leases		<u>376,865</u>	2,950,233

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			<u>8,185</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 9,439,106**

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	<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	\$ 697,324	\$ 90,779	\$ 788,103
Intergovernmental Receivable			
State	9,706		9,706
Federal	506,240		506,240
Other Receivables	36,451	15,513	51,964
Inventories	18,137	-	18,137
	<u>1,267,858</u>	<u>106,292</u>	<u>1,374,150</u>
Total Current Assets			
Noncurrent Assets			
Equipment	768,371		768,371
Less: Accumulated Depreciation	(552,449)	-	(552,449)
	<u>215,922</u>	<u>-</u>	<u>215,922</u>
Total Noncurrent Assets			
Total Assets	<u>1,483,780</u>	<u>106,292</u>	<u>1,590,072</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	401,584		401,584
Due to Other Funds	24,569	-	24,569
	<u>426,153</u>	<u>-</u>	<u>426,153</u>
Total Current Liabilities			
Total Liabilities	<u>426,153</u>	<u>-</u>	<u>426,153</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	1,736	-	1,736
	<u>1,736</u>	<u>-</u>	<u>1,736</u>
Total Liabilities and Deferred Inflows of Resources	<u>427,889</u>	<u>-</u>	<u>427,889</u>
NET POSITION			
Net Investment in Capital Assets	215,922		215,922
Unrestricted	839,969	106,292	946,261
	<u>1,055,891</u>	<u>106,292</u>	<u>1,162,183</u>
Total Net Position	<u>\$ 1,055,891</u>	<u>\$ 106,292</u>	<u>\$ 1,162,183</u>

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

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>Other Non Major Enterprise Funds</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Program Fees		\$ 348,439	\$ 348,439
Daily Sales	\$ 1,407,159		1,407,159
Special Functions	266,178	-	266,178
Total Operating Revenues	1,673,337	348,439	2,021,776
OPERATING EXPENSES			
Cost of Sales	1,516,711		1,516,711
Salaries and Employee Benefits	1,842,588	288,466	2,131,054
Purchased Services	422,410		422,410
Supplies and Materials	388,474	16,809	405,283
Depreciation	42,294	-	42,294
Total Operating Expenses	4,212,477	305,275	4,517,752
Operating Income/(Loss)	(2,539,140)	43,164	(2,495,976)
NONOPERATING REVENUES			
State Sources			
School Lunch Program	48,820		48,820
Federal Sources			
School Breakfast Program	281,110		281,110
National School Lunch Program	2,223,554		2,223,554
Fresh Fruit and Vegetable Program	31,300		31,300
Interest and Investment Revenue	916	-	916
Total Nonoperating Revenues	2,585,700	-	2,585,700
Net Income	46,560	43,164	89,724
Change in Net Position	46,560	43,164	89,724
Total Net Position, Beginning of Year (Restated)	1,009,331	63,128	1,072,459
Total Net Position, End of Year	\$ 1,055,891	106,292	\$ 1,162,183

The accompanying Notes to the 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, 2013**

	<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	\$ 1,645,990	\$ 341,866	\$ 1,987,856
Cash Payments for Employees' Salaries and Benefits	(1,842,588)	(288,466)	(2,131,054)
Cash Payments to Suppliers for Goods and Services	<u>(2,004,012)</u>	<u>(16,809)</u>	<u>(2,020,821)</u>
Net Cash Provided by (Used by) Operating Activities	<u>(2,200,610)</u>	<u>36,591</u>	<u>(2,164,019)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements	2,325,849		2,325,849
Cash Received from Other Funds	<u>-</u>	<u>4,833</u>	<u>4,833</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>2,325,849</u>	<u>4,833</u>	<u>2,330,682</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	<u>(160,223)</u>	<u>-</u>	<u>(160,223)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(160,223)</u>	<u>-</u>	<u>(160,223)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>916</u>	<u>-</u>	<u>916</u>
Net Cash Provided by Investing Activities	<u>916</u>	<u>-</u>	<u>916</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(34,068)	41,424	7,356
Cash and Cash Equivalents, Beginning of Year	<u>731,392</u>	<u>49,355</u>	<u>780,747</u>
Cash and Cash Equivalents, End of Year	<u>\$ 697,324</u>	<u>\$ 90,779</u>	<u>\$ 788,103</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES			
Operating (Loss)	\$ (2,539,140)	\$ 43,164	\$ (2,495,976)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities			
Depreciation	42,294		42,294
Food Distribution Program- Non Cash Assistance	145,931		145,931
Change in Assets and Liabilities			
(Increase)/Decrease in Other Accounts Receivable	(27,347)	(6,573)	(33,920)
Increase/(Decrease) in Accounts Payable	164,120		164,120
(Increase)/Decrease in Inventory	<u>13,532</u>	<u>-</u>	<u>13,532</u>
Total Adjustments	<u>338,530</u>	<u>(6,573)</u>	<u>331,957</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ (2,200,610)</u>	<u>\$ 36,591</u>	<u>\$ (2,164,019)</u>
NON CASH INVESTING, INVESTING CAPITAL AND FINANCING ACTIVITIES VALUE RECEIVE - FOOD DISTRIBUTION PROGRAM			
	\$ 144,195		\$ 144,195

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

**CLIFTON BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 483,388	\$ 73,005	\$ 1,555,717
Due from Other Funds	-	-	97,449
	<hr/>	<hr/>	<hr/>
Total Assets	483,388	73,005	\$ 1,653,166
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 1,156,934
Accrued Salaries and Wages			7,409
Due to Other Funds	97,449		25,125
Due to Student Groups			463,698
Intergovernmental Payable	47,748	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	145,197	-	\$ 1,653,166
	<hr/>	<hr/>	<hr/>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ 338,191	\$ 73,005	
	<hr/>	<hr/>	

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

**CLIFTON BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Employees	\$ 238,690	-
	<u>238,690</u>	<u>-</u>
Total Contributions		
	<u>238,690</u>	<u>-</u>
Investment Earnings		
Interest	748	\$ 73
	<u>748</u>	<u>73</u>
Net Investment Earnings		
	<u>748</u>	<u>73</u>
Total Additions	<u>239,438</u>	<u>73</u>
DEDUCTIONS		
Unemployment Claims and Contributions	242,079	-
	<u>242,079</u>	<u>-</u>
Total Deductions		
	<u>242,079</u>	<u>-</u>
Change in Net Position	(2,641)	73
Net Position, Beginning of the Year	340,832	72,932
	<u>340,832</u>	<u>72,932</u>
Net Position, End of the Year	\$ 338,191	\$ 73,005
	<u>\$ 338,191</u>	<u>\$ 73,005</u>

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

CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, drivers 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. New Accounting Standards

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. 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 position, 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide 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.

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.

Fund Financial Statements

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

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, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

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

The *extensions child care program* providing before and school child care and Driver's Education Program.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

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.

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".

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. *Cash, Cash Equivalents 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*

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

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 and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. 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 deferred inflow of resources.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (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.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one items which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, one item, *unused commodities*, is reported in the Proprietary Fund Food Services for commodity value received prior to June 30 that have not been consumed. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. *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 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.

7. *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 position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts, 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. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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.

8. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted net position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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.

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

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.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

9. Reclassifications

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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 inflows of resources. 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. *Tuition Revenues and Expenditures*

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 2011-2012 and 2012-2013 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.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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 food service enterprise fund, driver's education enterprise fund and extensions program enterprise fund 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.

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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 8, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

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 2012/2013. During 2012/2013 the Board increased the original budget by \$6,173,008. The increase was funded by additional surplus appropriated, 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.

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. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
General Administration- Judgements	\$ -	\$ 56,734	\$ 56,734

The above General Fund variances were caused by an audit adjustment and were offset with other available resources.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an unassigned (deficit) fund balance of \$179,677 in the General Fund as of June 30, 2013 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2012/2013 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$179,677 in the General Fund and is less than the delayed state aid payments.

D. Capital Reserve

A capital reserve account was established by the District on September 27, 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, 2013 is as follows:

Balance, July 1, 2012	\$ 5,885,215
Increased by:	
Interest earnings	\$ 3,914
Deposits Approved by Board Resolution	<u>5,978,039</u>
	<u>5,981,953</u>
Balance, June 30, 2013	<u>\$ 11,867,168</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve

As of June 30, 2013, the District is in the process of updating their long range facilities plan. As of the audit date, local support costs of uncompleted capital projects was not known, however, the District's preliminary estimate is in excess of the balance in the capital reserve.

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2013 is \$2,466,852 which was designated and appropriated in the 2013/2014 original budget certified for taxes. There was no excess surplus at June 30, 2013.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash 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 the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$19,053,367 and bank and brokerage firm balances of the Board's deposits amounted to \$23,516,004. The Board's deposits which are displayed on the various fund balance sheets and statement of net position as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>23,516,004</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, 2013 none of the Board's bank balance was exposed to custodial credit risk.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 2013, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2013 for the district's individual major funds, nonmajor, in the aggregate, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Other Non-Major</u>	<u>Total</u>
Receivables:					
Accounts	\$ 138,815		\$ 36,451	\$ 15,513	\$ 190,779
Intergovernmental	<u>608,710</u>	<u>\$ 5,832,733</u>	<u>515,946</u>	<u>-</u>	<u>6,957,389</u>
Net Total Receivables	<u>\$ 747,525</u>	<u>\$ 5,832,733</u>	<u>\$ 552,397</u>	<u>\$ 15,513</u>	<u>\$ 7,148,168</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	<u>\$ 2,172,394</u>
Total deferred revenues for governmental funds	<u>\$ 2,172,394</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance, July 1, 2012	Increases	Decreases	Adjustment	Balance, June 30, 2013
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 8,374,289				\$ 8,374,289
Construction in Progress	776,684	-	-	\$ (776,684)	-
Total Capital Assets, Not Being Depreciated	<u>9,150,973</u>	<u>-</u>	<u>-</u>	<u>(776,684)</u>	<u>8,374,289</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,458,328				1,458,328
Building and Building Improvements	96,838,565	\$ 3,558,090		776,684	101,173,339
Machinery and Equipment	8,349,859	657,501	\$ (471,137)	-	8,536,223
Total Capital Assets Being Depreciated	<u>106,646,752</u>	<u>4,215,591</u>	<u>(471,137)</u>	<u>776,684</u>	<u>111,167,890</u>
Less Accumulated Depreciation for:					
Land Improvements	(1,077,399)	(27,745)			(1,105,144)
Building and Building Improvements	(42,774,828)	(2,538,294)			(45,313,122)
Machinery and Equipment	(5,547,866)	(540,935)	471,137	-	(5,617,664)
Total Accumulated Depreciation	<u>(49,400,093)</u>	<u>(3,106,974)</u>	<u>471,137</u>	<u>-</u>	<u>(52,035,930)</u>
Total Capital Assets, Being Depreciated, Net	<u>57,246,659</u>	<u>1,108,617</u>	<u>-</u>	<u>776,684</u>	<u>59,131,960</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,397,632</u>	<u>\$ 1,108,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,506,249</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance July 1, 2012	Increases	Decreases	Balance, June 30, 2013
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 608,148	\$ 160,223	-	\$ 768,371
Total Capital Assets Being Depreciated	<u>608,148</u>	<u>160,223</u>	<u>-</u>	<u>768,371</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(510,155)	(42,294)	-	(552,449)
Total Accumulated Depreciation	<u>(510,155)</u>	<u>(42,294)</u>	<u>-</u>	<u>(552,449)</u>
Total Capital Assets, Being Depreciated, Net	<u>97,993</u>	<u>117,929</u>	<u>-</u>	<u>215,922</u>
Business-Type Activities Capital Assets, Net	<u>\$ 97,993</u>	<u>\$ 117,929</u>	<u>\$ -</u>	<u>\$ 215,922</u>

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

Governmental activities:	
Instruction	
Regular	\$ 1,526,992
Special	417,670
Other Instruction	149,642
School-Sponsored/Other Instructional	<u>39,946</u>
Total Instruction	<u>2,134,250</u>
Support Services	
Student and instruction related services	391,217
Educational media/school library	56,353
General administration	24,886
School administration	192,787
Operations and maintenance of plant	177,823
Student transportation	82,043
Central Services	<u>47,615</u>
Total Support Services	<u>972,724</u>
Total depreciation expense - governmental activities	<u>\$ 3,106,974</u>
Business-type activities:	
Food Service Fund	<u>\$ 42,294</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 2,544,498
General Fund	Food Service	24,569
General Fund	Payroll Agency	25,125
Payroll Agency	Unemployment	<u>97,449</u>
 Total		 <u>\$ 2,691,641</u>

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

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

F. Leases

Capital Leases

The District is leasing student transportation utility vehicles totaling \$1,887,354 under capital leases. The leases are for terms of 3 and 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 349,180
2015	298,800
2016	186,096
2017	<u>92,927</u>
 Total minimum lease payments	 927,003
 Less: amount representing interest	 <u>49,851</u>
 Present value of minimum lease payments	 <u>\$ 877,152</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

\$6,520,000, 1998 Refunding Bonds, due in annual installments of \$460,000 to \$490,000 through August 1, 2014, interest at 4.75%	\$ 950,000
\$9855,000, 2004 Refunding Bonds, due in annual installments of \$810,000 to \$845,000 through December 15, 2017 interest at 3.70% to 5.00%	4,155,000
\$11,149,000, 2005 Bonds, due in annual installments of \$525,000 to \$550,000 through March 1, 2015 interest at 4.00%	1,075,000
\$2,417,000, 2007 Bonds, due in annual installments of \$255,000 to \$287,000 through May 1, 2017 interest at 3.75% to 3.875%	1,082,000
\$2,812,000, 2012 Refunding Bonds, due in annual installments of \$540,000 to \$560,000 through May 1, 2017 interest at 3.00% to 4.00%	2,200,000
\$7,410,000, 2013 Refunding Bonds, due in annual installments of \$5,000 to \$810,000 through March 1, 2025 interest at 2.00% to 4.00%	<u>7,410,000</u>
	<u>\$ 16,872,000</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. 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 Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 2,750,000	\$ 561,440	\$ 3,311,440
2015	2,670,000	525,147	3,195,147
2016	2,255,000	427,959	2,682,959
2017	2,262,000	341,759	2,603,759
2018	1,400,000	260,188	1,660,188
2019-2023	3,965,000	793,400	4,758,400
2024-2028	<u>1,570,000</u>	<u>93,600</u>	<u>1,663,600</u>
	<u>\$ 16,872,000</u>	<u>\$ 3,003,493</u>	<u>\$ 19,875,493</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 389,117,194
Less: Net Debt	<u>16,872,000</u>
Remaining Borrowing Power	<u>\$ 372,245,194</u>

Advance Refunding of Debt

On June 4, 2013, the District issued \$7,410,000 in Refunding School Bonds, Series 2013 having interest rates of 2.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2005 School Bonds of the District. The total bond principal defeased was \$7,474,000 and the total interest payments defeased was \$2,505,460. The net proceeds of \$8,084,495 (after payment of underwriting fees, insurance and other issuance 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 position. The reacquisition price exceeded the net carrying amount of the old debt by \$610,495. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the current and next 12 years by \$402,267 and resulted in an economic gain of \$351,709.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Prior-Year Defeasance of Debt

In prior years, the District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District’s financial statements. On June 30, 2013, \$2,812,000 of bonds outstanding are considered defeased.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance, <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2013</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 19,591,000	\$ 7,410,000	\$ 10,129,000	\$ 16,872,000	\$ 2,750,000
Deferred Amounts					
Add: Original Issue Premium	<u>136,342</u>	<u>774,861</u>	<u>49,379</u>	<u>861,824</u>	<u>-</u>
Total Bonds Payable	19,727,342	8,184,861	10,178,379	17,733,824	2,750,000
Capital leases	809,147	444,870	376,865	877,152	323,656
Compensated absences	<u>6,295,887</u>	<u>733,372</u>	<u>712,700</u>	<u>6,316,559</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 26,832,376</u>	<u>\$ 9,363,103</u>	<u>\$ 11,267,944</u>	<u>\$ 24,927,535</u>	<u>\$ 3,073,656</u>

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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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.

The Pooled Insurance Program of New Jersey provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

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>
2013		\$ 238,690	\$ 242,079	\$ 338,191
2012	\$ 145,000	212,268	247,812	340,832
2011	660,000	98,563	517,140	231,061

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013, 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, 2013, 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 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.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. 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.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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.

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 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.

Actuarial Methods and Assumptions

In the July 1, 2011 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 (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 6.5% for PERS, 6.5% 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, 2013 for TPAF, which is a cost sharing plan with special funding situations, the 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, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP 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:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 1,444,049	\$ 4,077,937	\$ 8,629
2012	1,541,384	2,059,720	8,539
2011	1,500,411	207,099	

The State contributed \$4,077,937 and \$2,059,720 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$207,099 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$5,307,168 during the year ended June 30, 2013 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 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 July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013, 2012 and 2011 were \$4,611,116, \$4,140,576 and \$4,398,799, 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.

NOTE 5 RESTATEMENT

On July 1, 2012, the Clifton Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Clifton Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$113,559 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$51,141,977 as originally reported to \$51,028,418 as adjusted for the effects of the change in accounting principle.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 RESTATEMENT (Continued)

The beginning balance of the capital assets net of accumulated depreciation and net position for the Food Service Fund has been restated because of the following:

- Remove certain machinery and equipment that the District disposed of in prior years, that were not removed from the capital asset inventory report.
- Record certain machinery and equipment that the District purchased in prior years that were not recorded on the capital asset inventory report.

Business Type	Beginning Balance Prior to Restatement <u>July 1, 2012</u>	<u>Restatement</u>	Beginning Balance Restated <u>July 1, 2012</u>
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 698,346	\$ (90,198)	\$ 608,148
Total Capital Assets Being Depreciated	<u>698,346</u>	<u>(90,198)</u>	<u>608,148</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	<u>(384,887)</u>	<u>(125,268)</u>	<u>(510,155)</u>
Total Accumulated Depreciation	<u>(384,887)</u>	<u>(125,268)</u>	<u>(510,155)</u>
Total Capital Assets, Being Depreciated, Net	<u>313,459</u>	<u>(215,466)</u>	<u>97,993</u>
Total Assets	<u>\$ 1,486,830</u>	<u>\$ (215,466)</u>	<u>\$ 1,271,364</u>
Net Position			
Net Investment in Capital Assets	313,459	(215,466)	97,993
Unrestricted	<u>911,338</u>	<u>-</u>	<u>911,338</u>
Total Net Position	<u>\$ 1,224,797</u>	<u>\$ (215,466)</u>	<u>\$ 1,009,331</u>

BUDGETARY COMPARISON SCHEDULES

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Final Budget To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 118,373,808	-	\$ 118,373,808	\$ 118,373,808	
Miscellaneous	808,000	-	808,000	2,866,965	\$ 2,058,965
Sub-Total Local Sources	119,181,808	-	119,181,808	121,240,773	2,058,965
Federal Sources					
Ed Jobs		\$ 2,375	2,375	2,375	
Medicaid Reimbursement	202,480	-	202,480	252,635	50,155
Sub-Total Federal Sources	202,480	2,375	204,855	255,010	50,155
State Sources					
Special Education Aid	6,546,816	-	6,546,816	6,546,816	-
Equalization Aid	17,831,443	-	17,831,443	17,831,443	-
Security Aid	699,602	-	699,602	699,602	-
Transportation Aid	455,718	-	455,718	455,718	-
Extraordinary Aid	580,000	105,643	685,643	685,643	-
Nonpublic Transportation Aid				118,245	118,245
On-behalf TPAF Pension Contrib. (Non-budgeted)					
Normal				3,874,106	3,874,106
NCGI				203,831	203,831
Post-Retirement Medical Contribution				4,611,116	4,611,116
Reimbursed TPAF Social Security Contr. (Non-budgeted)	-	-	-	5,307,168	5,307,168
Sub-Total State Sources	26,113,579	105,643	26,219,222	40,333,688	14,114,466
Total Revenues	145,497,867	108,018	145,605,885	161,829,471	16,223,586
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	2,066,087	201,000	2,267,087	2,230,514	36,573
Grades 1-5	14,739,054	197,000	14,936,054	14,856,347	79,707
Grades 6-8	9,367,530	342,000	9,709,530	9,684,938	24,592
Grades 9-12	13,445,323	(352,000)	13,093,323	13,042,015	51,308
Regular Programs - Home Instruction					
Salaries of Teachers	130,000	-	130,000	96,200	33,800
Purchased Professional - Educational Services	50,000	-	50,000	41,426	8,574
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	161,352	49,000	210,352	198,085	12,267
Purchased Technical Services	615,098	(15,493)	599,605	496,414	103,191
Other Purchased Services	7,000	-	7,000	2,837	4,163
General Supplies	2,235,029	37,627	2,272,656	1,861,399	411,257
Textbooks	1,302,543	(20,000)	1,282,543	1,239,691	42,852
Total Regular Programs	44,119,016	439,134	44,558,150	43,749,866	808,284
Special Education					
Cognitive - Moderate					
Salaries of Teachers	122,477	-	122,477	122,460	17
Other Purchased Services	1,500	-	1,500	373	1,127
General Supplies	657	-	657	-	657
Textbooks	200	-	200	-	200
Total Cognitive - Moderate	124,834	-	124,834	122,833	2,001

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	\$ 2,384,046	\$ 23,000	\$ 2,407,046	\$ 2,406,020	\$ 1,026
Other Salaries for Instruction	973,589	146,000	1,119,589	1,118,519	1,070
General Supplies	10,127	-	10,127	9,939	188
Textbooks	2,717	-	2,717	1,538	1,179
Total Learning/Language Disabilities	3,370,479	169,000	3,539,479	3,536,016	3,463
Behavioral Disabilities					
Salaries of Teachers	380,688	134,500	515,188	509,628	5,560
Other Salaries for Instruction	94,006	38,000	132,006	131,058	948
Other Purchased Services	1,209	-	1,209	44	1,165
General Supplies	2,997	-	2,997	2,486	511
Total Behavioral Disabilities	478,900	172,500	651,400	643,216	8,184
Multiple Disabilities					
Salaries of Teachers	677,833	(10,000)	667,833	662,812	5,021
Other Purchased Services	500	-	500		500
General Supplies	1,043	-	1,043	711	332
Total Multiple Disabilities	679,376	(10,000)	669,376	663,523	5,853
Resource Room/Resource Center					
Salaries of Teachers	4,449,751	162,500	4,612,251	4,586,158	26,093
General Supplies	8,632	-	8,632	6,445	2,187
Total Resource Room/Resource Center	4,458,383	162,500	4,620,883	4,592,603	28,280
Autism					
Salaries of Teachers	79,907	59,500	139,407	136,658	2,749
Other Salaries for Instruction	13,288	134,000	147,288	146,899	389
General Supplies	6,480	-	6,480	4,500	1,980
Total Autism	99,675	193,500	293,175	288,057	5,118
Preschool Disabilities - Part - Time					
Salaries of Teachers	725,375	143,500	868,875	853,663	15,212
Other Salaries for Instruction	331,869	96,643	428,512	428,406	106
Purchased Professional Educational Services	2,180	-	2,180	1,631	549
General Supplies	3,488	-	3,488	3,044	444
Total Preschool Handicapped - Part - Time	1,062,912	240,143	1,303,055	1,286,744	16,311
Total Special Education	10,274,559	927,643	11,202,202	11,132,992	69,210
Basic Skills/Remedial					
Salaries of Teachers	1,393,396	224,900	1,618,296	1,520,011	98,285
General Supplies	5,815	100	5,915	5,848	67
Total Basic Skills/Remedial	1,399,211	225,000	1,624,211	1,525,859	98,352

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 2,331,342	\$ (22,000)	\$ 2,309,342	\$ 2,302,632	\$ 6,710
Other Salaries for Instruction	146,267	9,000	155,267	155,059	208
Purchased Professional/Educational Services	13,800	-	13,800		13,800
General Supplies	39,300	-	39,300	36,669	2,631
Textbooks	27,000	-	27,000	22,532	4,468
	<u>2,557,709</u>	<u>(13,000)</u>	<u>2,544,709</u>	<u>2,516,892</u>	<u>27,817</u>
School Sponsored Co-Curricular Activities					
Salaries	259,621	58,000	317,621	283,330	34,291
Purchased Services	99,400	(30,000)	69,400	67,097	2,303
Supplies and Materials	16,275	(8,000)	8,275	927	7,348
Other Objects	16,900	-	16,900	10,000	6,900
	<u>392,196</u>	<u>20,000</u>	<u>412,196</u>	<u>361,354</u>	<u>50,842</u>
School Sponsored Athletics					
Salaries	768,902	10,000	778,902	778,484	418
Purchased Services	92,262	(25,000)	67,262	64,999	2,263
Supplies and Materials	105,650	(1,778)	103,872	96,917	6,955
Other Objects	143,500	-	143,500	112,211	31,289
	<u>1,110,314</u>	<u>(16,778)</u>	<u>1,093,536</u>	<u>1,052,611</u>	<u>40,925</u>
	<u>59,853,005</u>	<u>1,581,999</u>	<u>61,435,004</u>	<u>60,339,574</u>	<u>1,095,430</u>
Undistributed Expenditures					
Instruction					
Tuition Other LEA's Within the State - Regular	50,000	(17,000)	33,000	23,938	9,062
Tuition Other LEA's Within the State - Special	437,428	(171,000)	266,428	211,921	54,507
Tuition to County Vocational School - Regular	3,180,781	-	3,180,781	3,180,781	-
Tuition to County Vocational School - Special	150,632	-	150,632	150,632	-
Tuition to CSSD & Regional Day Schools	637,018	207,000	844,018	843,726	292
Tuition for Private Schools for the Disabled - Within State	5,500,709	(152,000)	5,348,709	5,038,251	310,458
Out of State	79,380	(19,000)	60,380	42,258	18,122
Tuition - State Facilities	116,600	-	116,600	116,600	-
Tuition - Other	81,900	-	81,900	73,638	8,262
	<u>10,234,448</u>	<u>(152,000)</u>	<u>10,082,448</u>	<u>9,681,745</u>	<u>400,703</u>
Attendance and Social Work Services					
Salaries	257,263	-	257,263	256,979	284
Purchased Professional/Technical Services	33,000	-	33,000	20,961	12,039
Other Purchased Services	300	-	300		300
Supplies and Materials	6,224	-	6,224	3,248	2,976
	<u>296,787</u>	<u>-</u>	<u>296,787</u>	<u>281,188</u>	<u>15,599</u>
Health Services					
Salaries	1,668,569	15,000	1,683,569	1,680,790	2,779
Salaries of Social Services Coordinators		-			-
Purchased Professional and Technical Services	74,200	(5,000)	69,200	47,737	21,463
Other Purchased Services	1,000	-	1,000	50	950
Supplies and Materials	26,414	-	26,414	18,683	7,731
	<u>1,770,183</u>	<u>10,000</u>	<u>1,780,183</u>	<u>1,747,260</u>	<u>32,923</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Speech OT/PT and Related Services					
Salaries	\$ 1,417,244	\$ 220,000	\$ 1,637,244	\$ 1,623,473	\$ 13,771
Purchased Professional- Educational Services	1,100,000	(712,000)	388,000	290,324	97,676
Supplies and Materials	4,590	-	4,590	4,489	101
Total Speech, OT/PT & Related Serv.	<u>2,521,834</u>	<u>(492,000)</u>	<u>2,029,834</u>	<u>1,918,286</u>	<u>111,548</u>
Other Support Services - Students Extra Serv.					
Salaries	1,646,771	(4,000)	1,642,771	1,642,699	72
Purchased Professional/Educational Services	761,468	46,000	807,468	801,450	6,018
Supplies and Materials	800	-	800	-	800
Total Other Support Serv. - Students Extra Serv.	<u>2,409,039</u>	<u>42,000</u>	<u>2,451,039</u>	<u>2,444,149</u>	<u>6,890</u>
Guidance					
Salaries of Other Professional Staff	2,677,447	14,400	2,691,847	2,677,263	14,584
Salaries of Secretarial and Clerical Staff	287,657	-	287,657	278,651	9,006
Other Salaries	20,000	5,100	25,100	24,987	113
Purchased Professional/Educational Services	5,393	-	5,393	2,821	2,572
Other Purchased Professional/Technical Services	6,384	-	6,384	6,383	1
Other Purchased Services	2,200	-	2,200	1,145	1,055
Supplies and Materials	14,000	-	14,000	11,054	2,946
Total Guidance	<u>3,013,081</u>	<u>19,500</u>	<u>3,032,581</u>	<u>3,002,304</u>	<u>30,277</u>
Child Study Teams					
Salaries of Other Professional Staff	1,605,884	46,500	1,652,384	1,622,034	30,350
Salaries of Secretarial and Clerical Staff	71,149	4,000	75,149	74,232	917
Purchased Professional/Educational Services	70,000	-	70,000	27,914	42,086
Other Purchased Professional/Technical Services	56,000	-	56,000	37,341	18,659
Miscellaneous Purchased Services	5,500	-	5,500	5,489	11
Supplies and Materials	34,700	-	34,700	31,816	2,884
Total Child Study Teams	<u>1,843,233</u>	<u>50,500</u>	<u>1,893,733</u>	<u>1,798,826</u>	<u>94,907</u>
Improvement of Instruction Services/ Supplies and Materials	439,225	(36,000)	403,225	402,821	404
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	<u>449,225</u>	<u>(36,000)</u>	<u>413,225</u>	<u>406,622</u>	<u>6,603</u>
Educational Media Services/School Library					
Salaries	1,545,006	10,000	1,555,006	1,497,952	57,054
Salaries of Technology Coordinators	115,199	-	115,199	115,199	-
Purchased Professional/Technical Services	93,000	3,000	96,000	95,545	455
Other Purchased Services	1,000	-	1,000	277	723
Supplies and Materials	205,328	(2,253)	203,075	190,850	12,225
Total Educational Media Services/School Library	<u>1,959,533</u>	<u>10,747</u>	<u>1,970,280</u>	<u>1,899,823</u>	<u>70,457</u>
Instructional Staff Training Services					
Purchased Professional Educational Services	90,000	30,000	120,000	116,247	3,753
Total Instructional Staff Training Services	<u>90,000</u>	<u>30,000</u>	<u>120,000</u>	<u>116,247</u>	<u>3,753</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 678,100	\$ -	\$ 678,100	\$ 661,502	\$ 16,598
Legal Services	385,000	-	385,000	234,750	150,250
Audit Fees	67,000	50,000	117,000	62,857	54,143
Other Purchased Professional Services	47,000	154,000	201,000	173,006	27,994
Purchased Technical Services	174,810	-	174,810	162,491	12,319
Communications/Telephone	617,500	(117,000)	500,500	408,817	91,683
BOE Other Purchased Services	4,000	-	4,000	3,095	905
Other Purchased Services	535,195	(7,000)	528,195	506,185	22,010
General Supplies	15,000	(7,000)	8,000	6,780	1,220
BOE In-House Training/Meeting Supplies	1,300	-	1,300	232	1,068
Judgements- Title I Audit Recovery				56,734	(56,734)
Miscellaneous Expenditures	3,500	-	3,500	2,335	1,165
BOE Membership Dues and Fees	28,500	-	28,500	26,663	1,837
	<u>2,556,905</u>	<u>73,000</u>	<u>2,629,905</u>	<u>2,305,447</u>	<u>324,458</u>
School Administration					
Salaries of Principals/Assistant Principals	2,963,609	45,000	3,008,609	2,997,039	11,570
Salaries of Other Professional Staff	884,795	(11,000)	873,795	871,701	2,094
Salaries of Secretarial and Clerical Assistants	1,101,522	141,000	1,242,522	1,241,596	926
Other Salaries	14,223	-	14,223	14,223	-
Purchased Professional and Technical Services	270,897	79,000	349,897	326,535	23,362
Other Purchased Services	20,535	-	20,535	15,102	5,433
Supplies and Materials	235,808	-	235,808	172,686	63,122
Other Objects	6,000	-	6,000	-	6,000
	<u>5,497,389</u>	<u>254,000</u>	<u>5,751,389</u>	<u>5,638,882</u>	<u>112,507</u>
Central Services					
Salaries	876,545	131,000	1,007,545	1,007,336	209
Purchased Technical Services	106,000	41,000	147,000	146,085	915
Miscellaneous Purchased Services	4,500	-	4,500	4,384	116
Supplies and Materials	32,000	(14,973)	17,027	14,845	2,182
Other Objects	3,500	-	3,500	3,206	294
	<u>1,022,545</u>	<u>157,027</u>	<u>1,179,572</u>	<u>1,175,856</u>	<u>3,716</u>
Administrative Information Technology					
Salaries	258,350	-	258,350	258,349	1
Purchased Technical Services	703,130	(12,000)	691,130	566,757	124,373
Supplies and Materials	60,100	-	60,100	24,130	35,970
	<u>1,021,580</u>	<u>(12,000)</u>	<u>1,009,580</u>	<u>849,236</u>	<u>160,344</u>
Required Maintenance for School Facilities					
Salaries	652,200	(30,000)	622,200	573,154	49,046
Cleaning, Repair and Maintenance Services	296,000	(12,850)	283,150	258,717	24,433
General Supplies	186,000	58,000	244,000	243,827	173
	<u>1,134,200</u>	<u>15,150</u>	<u>1,149,350</u>	<u>1,075,698</u>	<u>73,652</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 3,996,538	\$ (41,500)	\$ 3,955,038	\$ 3,930,637	\$ 24,401
Purchased Professional and Technical Services	230,000	36,000	266,000	209,072	56,928
Cleaning, Repair and Maintenance Services	260,922	(85,000)	175,922	129,218	46,704
Rental of Land/Bldg. Other than Lease Pur.Agrmt.	117,500	-	117,500	117,500	-
Other Purchased Property Services	1,000	750	1,750	1,677	73
Insurance	122,850	1,250	124,100	123,916	184
Miscellaneous Purchased Services	26,713	2,500	29,213	28,867	346
General Supplies	336,000	-	336,000	254,628	81,372
Energy	1,077,230	190,000	1,267,230	1,221,598	45,632
Energy (Natural Gas)	1,164,329	(275,000)	889,329	605,678	283,651
Other Objects	25,000	-	25,000	22,437	2,563
	<u>7,358,082</u>	<u>(171,000)</u>	<u>7,187,082</u>	<u>6,645,228</u>	<u>541,854</u>
Total Custodial Services					
Care & Upkeep of Grounds					
Salaries	240,002	-	240,002	223,021	16,981
Cleaning, Repair and Maintenance Services	7,000	-	7,000	3,305	3,695
General Supplies	25,500	-	25,500	24,650	850
	<u>272,502</u>	<u>-</u>	<u>272,502</u>	<u>250,976</u>	<u>21,526</u>
Total Care & Upkeep of Grounds					
Student Transportation Services					
Salaries of Non-Instructional Aides	758,710	31,000	789,710	788,770	940
Salaries for Pupil Transportation (Between Home and School) - Regular	478,265	92,000	570,265	569,659	606
Salaries for Pupil Transportation (Between Home and School) - Special	760,330	(34,000)	726,330	725,187	1,143
Salaries for Pupil Transportation (Other Than Between Home and School)	128,610	(31,000)	97,610	97,220	390
Management Fee - ESC & CTSA Transportation	64,870	2,000	66,870	65,981	889
Other Purchased Professional/Technical Services	76,700	(11,000)	65,700	59,091	6,609
Cleaning, Repair and Maintenance Services	10,000	-	10,000	5,527	4,473
Lease Purchase Payments - School Buses	276,834	60,000	336,834	327,229	9,605
Contracted Services (Other than Between Home & School)- Vendors	45,000	(4,000)	41,000	22,409	18,591
Contracted Services (Regular Students) - ESCs& CTSA	658,810	36,500	695,310	695,232	78
Contracted Services (Spl. Ed. Students) - ESCs& CTSA	1,478,885	(140,000)	1,338,885	1,331,472	7,413
Contracted Services-Aid in Lieu of Payments- Non-Public Schools	675,000	(76,500)	598,500	598,284	216
Miscellaneous Purchased Services - Transportation	57,000	-	57,000	49,693	7,307
Supplies and Materials	265,000	68,000	333,000	332,057	943
Transportation Supplies	34,000	-	34,000	26,184	7,816
	<u>5,768,014</u>	<u>(7,000)</u>	<u>5,761,014</u>	<u>5,693,995</u>	<u>67,019</u>
Total Student Transportation Services					

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 1,750,000	\$ (47,625)	\$ 1,702,375	\$ 1,654,203	\$ 48,172
Other Retirement Contributions - Regular	1,685,933	(230,000)	1,455,933	1,452,678	3,255
Workmen's Compensation	994,534	(231,000)	763,534	763,468	66
Health Benefits	25,022,683	(1,316,000)	23,706,683	22,795,299	911,384
Tuition Reimbursement	70,000	-	70,000	57,398	12,602
Other Employee Benefits	1,451,052	334,309	1,785,361	1,782,706	2,655
Total Unallocated Benefits	30,974,202	(1,490,316)	29,483,886	28,505,752	978,134
On-behalf TPAF Pension Contr. (Non-budgeted)					
Normal				3,874,106	(3,874,106)
NCGI				203,831	(203,831)
Post-Retirement Medical Costs				4,611,116	(4,611,116)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	5,307,168	(5,307,168)
Total Undistributed Expenditures	80,192,782	(1,698,392)	78,494,390	89,433,741	(10,939,351)
Total Current Expenditures	140,045,787	(116,393)	139,929,394	149,773,315	(9,843,921)
CAPITAL OUTLAY					
Equipment					
Instruction					
Grades 1-5	61,500	(4,800)	56,700	8,126	48,574
Grades 6-8	4,677	28,000	32,677	3,585	29,092
Grades 9-12	29,000	111,890	140,890	135,430	5,460
Athletics		4,850	4,850	4,850	
Undistributed Expenditures					
Education Media		2,600	2,600	2,530	70
General Administration		7,000	7,000	6,745	255
Admin Information Technology		12,000	12,000	8,455	3,545
Operation and Maintenance of Plant		26,000	26,000	25,722	278
Non Instructional Equipment					
Transportation Equipment		7,000	7,000	7,000	-
School Buses - Regular	33,000	26,000	59,000	58,984	16
School Buses - Special	55,200	(21,200)	34,000	33,943	57
Total Equipment	183,377	199,340	382,717	295,370	87,347
Facilities Acquisition and Construction Services					
Architectural/ Engineering Services	350,000	93,791	443,791	386,853	56,938
Construction Services	2,855,000	2,828,986	5,683,986	3,171,237	2,512,749
Assessment for Debt Service on SDA Funding	84,764	-	84,764	84,764	-
Total Facilities Acquis. and Const. Services	3,289,764	2,922,777	6,212,541	3,642,854	2,569,687

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
CAPITAL OUTLAY (Continued)					
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures					
Student Transportation	-	-	-	\$ 444,870	\$ (444,870)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	444,870	(444,870)
Interest Deposit to Capital Reserve	\$ 8,000	\$ (8,000)	-	-	-
Total Capital Outlay	3,481,141	3,114,117	\$ 6,595,258	4,383,094	2,212,164
Transfer Funds to Charter School	1,970,939	152,000	2,122,939	2,107,211	15,728
Total Expenditures	145,497,867	3,149,724	148,647,591	156,263,620	(7,616,029)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,041,706)	(3,041,706)	5,565,851	(8,607,557)
Other Financing Sources (Uses)					
Capital Leases (Non-Budgeted)	-	-	-	444,870	444,870
Total Other Financing Sources(Uses)	-	-	-	444,870	444,870
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(3,041,706)	(3,041,706)	6,010,721	(9,052,427)
Fund Balances, Beginning of Year	14,380,288	-	14,380,288	14,380,288	-
Fund Balances, End of Year	\$ 14,380,288	\$ (3,041,706)	\$ 11,338,582	\$ 20,391,009	\$ (9,052,427)
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 11,867,168	
Excess Surplus Designated for Subsequent Year's Expenditures				2,466,852	
Assigned fund Balance					
Year-End Encumbrances				3,046,662	
Designated for Subsequent Year's Expenditures				55,631	
Unassigned Fund Balance				<u>2,954,696</u>	
Budgetary Fund Balance				<u>20,391,009</u>	
Reconciliation to Governmental Funds statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis			\$ 2,448,730		
Extraordinary Aid not recognized on a GAAP Basis			<u>685,643</u>		
				<u>3,134,373</u>	
Fund Balances Per Governmental Funds (GAAP)				<u>\$ 17,256,636</u>	

CLIFTON BOARD OF EDUCATION
GENERAL FUND
EDUCATION JOBS FUND PROGRAM
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
REVENUES					
Federal Sources					
Educational Job Act	\$ -	\$ 2,375	\$ 2,375	\$ 2,375	-
Total Revenues	-	2,375	2,375	2,375	-
EXPENDITURES					
CURRENT EXPENDITURES					
Unallocated Benefits					
Social Security	-	2,375	2,375	2,375	-
Total Unallocated Benefits	-	2,375	2,375	2,375	-
Total Current Expenditures	-	2,375	2,375	2,375	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 662,285	\$ 277,786	\$ 940,071	\$ 718,991	\$ (221,080)
Federal	6,176,304	2,734,058	8,910,362	6,506,001	(2,404,361)
Local Sources					
Miscellaneous	-	11,440	11,440	6,440	(5,000)
Total Revenues	<u>6,838,589</u>	<u>3,023,284</u>	<u>9,861,873</u>	<u>7,231,432</u>	<u>(2,630,441)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	2,400,000	1,283,626	3,683,626	2,851,389	832,237
Other Salaries for Instruction	30,000	68,988	98,988	88,396	10,592
Purchased Professional/Technical Services	130,000	(36,295)	93,705	79,701	14,004
Purchased Professional/Educational Services		29,352	29,352	14,905	14,447
Purchased Professional Services		513	513	513	-
Tuition	100,000	(30,000)	70,000	70,000	-
Other Purchased Services		17,400	17,400	2,400	15,000
General Supplies	145,200	443,715	588,915	341,703	247,212
Textbooks	48,528	25,288	73,816	72,686	1,130
Total Instruction	<u>2,853,728</u>	<u>1,802,587</u>	<u>4,656,315</u>	<u>3,521,693</u>	<u>1,134,622</u>
Support Services					
Salaries of Teachers	202,285	(38,578)	163,707	4,345	159,362
Salaries of Principal, Asst. Principals & Directors	-	48,550	48,550	22,550	26,000
Salaries of Supervisors of Instruction	100,000	(90,500)	9,500	9,500	-
Salaries of Other Professional Staff	1,380,000	1,350	1,381,350	1,255,376	125,974
Salaries of Secretarial and Clerical Asst.	186,000	9,995	195,995	194,664	1,331
Salaries of Literacy Coach	100,000	39,830	139,830	139,830	-
Salaries of Technology Coordinator		49,556	49,556	49,556	-
Personal Services-Employee Benefits	564,629	543,075	1,107,704	814,391	293,313
Purchased Professional/Educational Services	1,121,947	641,905	1,763,852	1,112,847	651,005
Purchased Professional Services	50,000	110,693	160,693	63,574	97,119
Travel		8,866	8,866	685	8,181
Other Purchased Services		32,548	32,548	16,815	15,733
Supplies and Materials	260,000	(140,313)	119,687	15,418	104,269
Total Support Services	<u>3,964,861</u>	<u>1,216,977</u>	<u>5,181,838</u>	<u>3,699,551</u>	<u>1,482,287</u>
Facilities Acquisition and Construction					
Instructional Equipment	20,000	3,720	23,720	10,188	13,532
Total Facilities Acquisition and Construction	<u>20,000</u>	<u>3,720</u>	<u>23,720</u>	<u>10,188</u>	<u>13,532</u>
Total Expenditures	<u>6,838,589</u>	<u>3,023,284</u>	<u>9,861,873</u>	<u>7,231,432</u>	<u>2,630,441</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**CLIFTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 161,829,471	C-2 \$ 7,231,432
Difference- Budget to GAAP		
State Aid payments and Extraordinary Aid Payment (2011/2012) recognized for GAAP Purposes not recognized for budgetary statements.	2,961,266	
Difference - Budget to GAAP:		
State Aid payments and Extraordinary Aid Payment (2012/2013) recognized for budgetary purposes, not recognized for GAAP statements	<u>(3,134,373)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 <u>161,656,364</u>	B-2 \$ <u>7,231,432</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 156,263,620	C-2 \$ 7,231,432
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>156,263,620</u>	B-2 \$ <u>7,231,432</u>

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

EXHIBIT D-1

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2013**

NOT APPLICABLE

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES
ALLOCATED BY RESOURCE TYPE - ACTUAL
AS OF JUNE 30, 2013**

NOT APPLICABLE

EXHIBIT D-3

**SCHEDULE OF BLENDED EXPENDITURES
BUDGET AND ACTUAL
AS OF JUNE 30, 2013**

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, 2013

	NCLB Title I	NCLB Title I A Carryover	NCLB Title II A Carryover	NCLB Title III Carryover	NCLB Title III Immigrant Carryover	NCLB Title IID Carryover	Total Exhibit E-1 Page 2	Total Exhibit E-1 Page 3	Total Exhibit 2013
REVENUES									
Local Sources							\$ 6,440	\$ 6,440	\$ 6,440
State Sources	\$ 2,522,170	\$ 365,110	\$ 331,721	\$ 63,143	\$ 60,002	\$ 48,257	\$ 718,991	\$ 718,991	\$ 718,991
Federal Sources									\$ 6,506,001
Total Revenues	\$ 2,522,170	\$ 365,110	\$ 331,721	\$ 63,143	\$ 60,002	\$ 48,257	\$ 718,991	\$ 718,991	\$ 7,231,432
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 1,739,857	\$ 256,660	\$ 159,388	\$ 57,835	\$ 30,000	\$ 41,004	\$ 459,567	\$ 459,567	\$ 2,851,389
Other Salaries for Instruction							88,396	88,396	88,396
Purchased Professional/Technical Services	48,567						31,134	31,134	79,701
Purchased Professional/Educational Services	14,905	513							14,905
Purchased Professional Services									513
Other Purchased Services									2,400
Tuition									70,000
General Supplies	67,993	69,987		25,848	4,198		148,129	25,548	341,703
Textbooks								72,686	72,686
Total Instruction	\$ 1,871,322	\$ 327,160	\$ 159,388	\$ 57,835	\$ 55,848	\$ 45,202	\$ 799,626	\$ 98,234	\$ 3,521,693
Support Services									
Salaries of Teachers									4,345
Salaries of Principal, Asst. Principals & Directors	12,000	7,050					3,500	22,550	22,550
Salaries of Supervisors of Instruction							9,500	9,500	9,500
Salaries of Other Professional Staff	41,769	6,720					1,206,887	1,255,376	1,255,376
Salaries of Secretarial and Clerical Asst.	30,620	2,400					137,973	23,671	194,664
Salaries of Literacy Coach	83,898								139,830
Salaries of Technology Coordinator	12,389								49,556
Purchased Prof./Educational Services	60,000								1,112,847
Purchased Professional Services	36,517	1,470		1,000	1,859		437,889	597,086	63,574
Travel	644						25,587		685
Personal Services- Employee Benefits	373,011	20,310		4,308	2,295	3,055	348,020	814,391	814,391
Other Purchased Services							7,929		16,815
Supplies and Materials							15,418		15,418
Total Support Services	\$ 650,848	\$ 37,950	\$ 172,333	\$ 5,308	\$ 4,154	\$ 3,055	\$ 2,192,703	\$ 620,757	\$ 3,699,551
Facilities Acquisition and Construction									
Instructional Equipment							10,188		10,188
Total Facilities Acquisition and Construction							10,188		10,188
Total Expenditures	\$ 2,522,170	\$ 365,110	\$ 331,721	\$ 63,143	\$ 60,002	\$ 48,257	\$ 3,002,517	\$ 718,991	\$ 7,231,432

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Local Programs	Carl Perkins	I.D.E.A.- Part B	I.D.E.A.- Part B Carryover	I.D.E.A.- Part B Basic Preschool	I.D.E.A.- Part B Basic Preschool Carryover	Total Exhibit E-1 Page 2
REVENUES							
Local Sources	\$ 6,440						\$ 6,440
State Sources	-	\$ 104,761	\$ 2,300,374	\$ 513,969	\$ 72,998	\$ 3,975	2,996,077
Federal Sources							
Total Revenues	\$ 6,440	\$ 104,761	\$ 2,300,374	\$ 513,969	\$ 72,998	\$ 3,975	\$ 3,002,517
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 6,440		\$ 350,227	\$ 102,900			\$ 459,567
Other Salaries for Instruction			33,868	54,528			88,396
Purchased Professional/Technical Services			31,134				31,134
Other Purchased Services		\$ 2,400					2,400
Tuition			70,000				70,000
General Supplies			37,632	14,034	\$ 915	\$ 3,975	148,129
Total Instruction	6,440	93,973	522,861	171,462	915	3,975	799,626
Support Services							
Salaries of Principal, Asst. Principals & Directors			3,500				3,500
Salaries of Supervisors of Instruction				9,500			9,500
Salaries of Other Professional Staff			1,109,965	37,789	59,133		1,206,887
Salaries of Secretarial and Clerical Asst.			137,473	500			137,973
Purchased Prof./Educational Services			191,375	246,514			437,889
Purchased Professional Services				25,587			25,587
Personal Services- Employee Benefits			319,782	15,288	12,950		348,020
Other Purchased Services		600		7,329			7,929
Supplies and Materials			15,418				15,418
Total Support Services		600	1,777,513	342,507	72,083		2,192,703
Facilities Acquisition and Construction							
Instructional Equipment		10,188					10,188
Total Facilities Acquisition and Construction		10,188					10,188
Total Expenditures	\$ 6,440	\$ 104,761	\$ 2,300,374	\$ 513,969	\$ 72,998	\$ 3,975	\$ 3,002,517

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Nonpublic Technology	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	\$ 25,548	\$ 99,302	\$ 72,686	\$ 59,511	\$ 237,208	\$ 33,424	\$ 54,396	\$ 82,701	\$ 54,215	\$ 718,991
State Sources	-	-	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 25,548	\$ 99,302	\$ 72,686	\$ 59,511	\$ 237,208	\$ 33,424	\$ 54,396	\$ 82,701	\$ 54,215	\$ 718,991
EXPENDITURES										
Instruction										
General Supplies	\$ 25,548	-	\$ 72,686	-	-	-	-	-	-	\$ 25,548
Textbooks	-	-	-	-	-	-	-	-	-	72,686
Total Instruction	25,548	-	72,686	-	-	-	-	-	-	98,234
Support Services										
Salaries of Secretarial and Clerical Asst.					\$ 23,671					23,671
Purchased Professional Services	\$ 99,302			\$ 59,511	213,537	\$ 33,424	\$ 54,396	\$ 82,701	\$ 54,215	597,086
Supplies and Materials	-	-	-	-	-	-	-	-	-	-
Total Support Services	-	99,302	-	59,511	237,208	33,424	54,396	82,701	54,215	620,757
Total Expenditures	\$ 25,548	\$ 99,302	\$ 72,686	\$ 59,511	\$ 237,208	\$ 33,424	\$ 54,396	\$ 82,701	\$ 54,215	\$ 718,991

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

ENTERPRISE FUNDS

Non-Major

**CLIFTON BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Driver Education</u>	<u>Extensions Child Care Program</u>	<u>Non-Major Enterprise Fund Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 22,339	\$ 68,440	\$ 90,779
Other Receivables	<u>-</u>	<u>15,513</u>	<u>15,513</u>
Total Assets	<u>22,339</u>	<u>83,953</u>	<u>106,292</u>
 NET POSITION			
Unrestricted	<u>22,339</u>	<u>83,953</u>	<u>106,292</u>
Total Net Position	<u>\$ 22,339</u>	<u>\$ 83,953</u>	<u>\$ 106,292</u>

**CLIFTON BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Driver Education</u>	<u>Extensions Child Care Program</u>	<u>Non-Major Enterprise Fund Total</u>
OPERATING REVENUES			
Local Sources			
Program Fees	\$ 54,670	\$ 293,769	\$ 348,439
Total Operating Revenues	<u>54,670</u>	<u>293,769</u>	<u>348,439</u>
OPERATING EXPENSES			
Salaries and Wages	46,188	242,278	288,466
Supplies and Materials	<u>-</u>	<u>16,809</u>	<u>16,809</u>
Total Operating Expenses	<u>46,188</u>	<u>259,087</u>	<u>305,275</u>
Operating Income	<u>8,482</u>	<u>34,682</u>	<u>43,164</u>
Change in Net Position	8,482	34,682	43,164
Total Net Position, Beginning of Year	<u>13,857</u>	<u>49,271</u>	<u>63,128</u>
Total Net Position, End of Year	<u>\$ 22,339</u>	<u>\$ 83,953</u>	<u>\$ 106,292</u>

**CLIFTON BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Driver Education</u>	<u>Extensions Child Care Program</u>	<u>Non-Major Enterprise Fund Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 54,670	\$ 287,196	\$ 341,866
Cash Payments for Employees			
Salaries & Benefits	(46,188)	(242,278)	(288,466)
Cash Payments to Suppliers for Goods and Services	<u>-</u>	<u>(16,809)</u>	<u>(16,809)</u>
Net Cash Provided by Operating Activities	<u>8,482</u>	<u>28,109</u>	<u>36,591</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Other Funds	<u>4,833</u>	<u>-</u>	<u>4,833</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,833</u>	<u>-</u>	<u>4,833</u>
Net Increase in Cash and Cash Equivalents	13,315	28,109	41,424
Cash and Cash Equivalents, Beginning of Year	<u>9,024</u>	<u>40,331</u>	<u>49,355</u>
Cash and Cash Equivalents, End of Year	<u>\$ 22,339</u>	<u>\$ 68,440</u>	<u>\$ 90,779</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	<u>\$ 8,482</u>	<u>\$ 34,682</u>	<u>\$ 43,164</u>
Adjustments to Reconcile Operating Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable	<u>-</u>	<u>(6,573)</u>	<u>(6,573)</u>
Total Adjustments	<u>-</u>	<u>(6,573)</u>	<u>(6,573)</u>
Net Cash Provided by Operating Activities	<u>\$ 8,482</u>	<u>\$ 28,109</u>	<u>\$ 36,591</u>

**CLIFTON BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**CLIFTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 463,698	\$ 1,092,019	\$ 1,555,717
Due from Other Funds	-	97,449	97,449
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 463,698</u>	<u>\$ 1,189,468</u>	<u>\$ 1,653,166</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 1,156,934	\$ 1,156,934
Accrued Salaries and Wages		7,409	7,409
Due to Other Funds		25,125	25,125
Due to Student Groups	\$ 463,698	-	463,698
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 463,698</u>	<u>\$ 1,189,468</u>	<u>\$ 1,653,166</u>

**COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

	Balance, July 1, 2012	Cash Receipts	Cash Disbursements	Balance, June 30, 2013
MIDDLE SCHOOLS				
Woodrow Wilson	\$ 18,684	\$ 102,000	\$ 101,043	\$ 19,641
Christopher Columbus	21,127	34,191	30,685	24,633
Total Middle Schools	<u>39,811</u>	<u>136,191</u>	<u>131,728</u>	<u>44,274</u>
HIGH SCHOOL				
Clifton High School	316,031	291,589	274,101	333,519
OTHER				
Internal Account	54,092	336,723	318,707	72,108
Athletic Account	1,649	64,876	57,374	9,151
Athletic Hall of Fame Acct	4,646	-	-	4,646
Total Other	<u>60,387</u>	<u>401,599</u>	<u>376,081</u>	<u>85,905</u>
Total All Schools	<u>\$ 416,229</u>	<u>\$ 829,379</u>	<u>\$ 781,910</u>	<u>\$ 463,698</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance, July 1, 2012	Cash Receipt	Cash Disbursements	Balance, June 30, 2013
Payroll Deductions and Withholdings	\$ 826,251	\$ 43,742,997	\$ 43,412,314	\$ 1,156,934
Accrued Salaries and Wages	22,752	57,424,993	57,440,336	7,409
Due to/(from) Other Funds	(34,073)	268,463	306,714	(72,324)
Total	<u>\$ 814,930</u>	<u>\$ 101,436,453</u>	<u>\$ 101,159,364</u>	<u>\$ 1,092,019</u>

LONG-TERM DEBT

CLIFTON BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance, July 1, 2012	Issued	Retired	Balance, June 30, 2013
Refunding Bonds	6/15/1998	\$ 6,520,000	8/1/2013	\$ 490,000	4.75%				
			8/1/2014	460,000	4.75%	\$ 1,445,000	\$	\$ 495,000	\$ 950,000
Refunding Bonds	9/15/2004	9,855,000	12/15/2013	845,000	5.00%				
			12/15/2014	840,000	4.00%				
			12/15/2015	835,000	5.00%				
			12/15/2016	825,000	3.70%				
			12/15/2017	810,000	3.75%	5,005,000		850,000	4,155,000
School Improvements	2/1/2005	11,149,000	3/1/2014	525,000	4.00%				
			3/1/2015	550,000	4.00%	9,049,000		7,974,000	1,075,000
School Improvements	5/15/2007	2,417,000	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%	1,327,000		245,000	1,082,000
Refunding Bonds	1/12/2012	2,812,000	5/1/2014	560,000	3.000%				
			5/1/2015	550,000	3.000%				
			5/1/2016	540,000	4.000%				
			5/1/2107	550,000	4.000%	2,765,000		565,000	2,200,000
Refunding Bonds	6/4/2013	7,410,000	3/1/2014	75,000	2.000%				
			3/1/2015	5,000	3.000%				
			3/1/2016	605,000	3.000%				
			3/1/2017	600,000	3.000%				
			3/1/2018	590,000	4.000%				
			3/1/2019	765,000	4.000%				
			3/1/2020	785,000	4.000%				
			3/1/2021	810,000	4.000%				
			3/1/2022	805,000	4.000%				
			3/1/2023-24	800,000	4.000%				
		3/1/2025	770,000	4.000%		\$ 7,410,000	-	7,410,000	
						\$ 19,591,000	\$ 7,410,000	\$ 10,129,000	\$ 16,872,000

Paid By Budget
 Amount Refunded
 \$ 2,655,000
 7,474,000
\$ 10,129,000

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2012</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2013</u>
2009 Student Transportation - (2) 54 Passenger Buses (2) 16 Passenger Buses	4.08%	\$ 232,638	\$ 48,419		\$ 48,419	
2009 F-350	6.80%	87,146	30,679		18,990	\$ 11,689
2010 (2) 54 Passenger Buses	4.78%	162,574	86,199		33,233	52,966
2010 (3) 16 Passenger Buses	4.78%	133,275	66,144		27,388	38,756
2011 (3) 54 Passenger Buses	3.98%	252,600	151,531		48,552	102,979
2011 (3) 16 Passenger Buses	3.98%	137,619	82,550		26,452	56,098
2012 Student Transportation- (3) 24 Passenger Buses (3) 54 Passenger Buses (1) Chevy Impala	3.20%	436,632	343,625		81,736	261,889
2013 Student Transportation (3) 54 Passenger Buses and (3) 24 Passenger Buses	2.20%	444,870	-	\$ 444,870	92,095	352,775
			<u>\$ 809,147</u>	<u>\$ 444,870</u>	<u>\$ 376,865</u>	<u>\$ 877,152</u>

**CLIFTON BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 3,257,007		\$ 3,257,007	\$ 3,257,007	
State Sources					
Debt Service Aid	<u>178,050</u>	<u>-</u>	<u>178,050</u>	<u>178,050</u>	<u>-</u>
Total Revenues	<u>3,435,057</u>	<u>-</u>	<u>3,435,057</u>	<u>3,435,057</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,655,000		2,655,000	2,655,000	-
Interest	780,058		780,058	780,058	-
Cost of Issuance				100,366	\$ (100,366)
Advanced Refunding Escrow	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,495</u>	<u>(610,495)</u>
Total Expenditures	<u>3,435,058</u>	<u>-</u>	<u>3,435,058</u>	<u>4,145,919</u>	<u>(710,861)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(710,862)</u>	<u>(710,861)</u>
Other Financing Sources/(Uses)					
Refunding Bond Proceeds				7,410,000	7,410,000
Premium on Refunding Bonds				774,861	774,861
Payment to Refunded Bond Escrow Agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,474,000)</u>	<u>(7,474,000)</u>
Total Other Financing Sources/ (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>710,861</u>	<u>710,861</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources/ (Uses)	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>33,413</u>	<u>-</u>	<u>33,413</u>	<u>33,413</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 33,412</u>	<u>\$ -</u>	<u>\$ 33,412</u>	<u>\$ 33,412</u>	<u>\$ -</u>
				<u>\$ 33,412</u>	
			Designated for Subsequent Year's Expenditures		

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net Investment in capital assets	\$ 20,604,913	\$ 25,790,618	\$ 30,775,120	\$ 33,383,517	\$ 39,274,156	\$ 42,503,225	\$ 42,797,060	\$ 42,982,992	\$ 46,050,770	\$ 49,664,750
Restricted	207,997	318,433	146,489	154,001	201,024	251,808	152,608	3,990,856	6,020,388	11,900,580
Unrestricted	972,164	(287,975)	3,208,553	861,866	(5,843,568)	(9,502,267)	(7,204,470)	(5,008,334)	(1,042,740)	(1,097,806)
Total governmental activities net position	\$ 21,785,074	\$ 25,821,076	\$ 34,130,162	\$ 34,399,384	\$ 33,631,612	\$ 33,252,766	\$ 35,745,198	\$ 41,965,514	\$ 51,028,418	\$ 60,467,524
Business-type activities										
Net Investment in Capital Assets	\$ 129,936	\$ 109,226	\$ 89,258	\$ 104,352	\$ 100,099	\$ 97,834	\$ 134,696	\$ 118,590	\$ 97,993	\$ 215,922
Unrestricted	(107,084)	(183,169)	(37,366)	144,314	227,909	399,392	685,691	1,058,601	974,466	946,261
Total business-type activities net position	\$ 22,852	\$ (73,943)	\$ 51,892	\$ 248,666	\$ 328,008	\$ 497,226	\$ 820,387	\$ 1,177,191	\$ 1,072,459	\$ 1,162,183
District-wide										
Net Investment in capital assets	\$ 20,734,849	\$ 25,899,844	\$ 30,864,378	\$ 33,487,869	\$ 39,374,255	\$ 42,601,059	\$ 42,931,756	\$ 43,101,582	\$ 46,148,763	\$ 49,880,672
Restricted	207,997	318,433	146,489	154,001	201,024	251,808	152,608	3,990,856	6,020,388	11,900,580
Unrestricted	865,080	(471,144)	3,171,187	1,006,180	(5,615,659)	(9,102,875)	(6,518,779)	(3,949,733)	(68,274)	(151,545)
Total district net position	\$ 21,807,926	\$ 25,747,133	\$ 34,182,054	\$ 34,648,050	\$ 33,959,620	\$ 33,749,992	\$ 36,565,585	\$ 43,142,705	\$ 52,100,877	\$ 61,629,707

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 49,319,296	\$ 53,948,650	\$ 58,552,959	\$ 64,441,197	\$ 67,460,969	\$ 66,490,450	\$ 68,933,131	\$ 66,658,266	\$ 69,187,055	\$ 71,463,155
Special education	16,998,291	17,512,605	17,929,007	19,759,591	22,014,557	22,133,331	22,442,611	21,060,092	22,405,872	24,308,541
Other instruction	5,355,402	5,196,205	5,843,224	6,520,084	6,791,340	7,819,030	8,786,469	8,682,981	8,835,690	8,938,202
School Sponsored Activities and Athletics	1,154,529	1,297,316	1,466,108	1,609,940	1,695,298	1,812,413	1,821,826	1,658,877	1,791,516	1,713,200
Support Services:										
Student & instruction related services	14,570,897	16,765,834	17,464,704	18,833,353	19,633,038	20,445,742	20,266,953	19,998,682	20,505,150	20,938,361
Educational Media/School Library	2,797,505	3,021,073	3,240,944	3,379,492	3,495,426	3,485,013	3,332,302	2,194,043	2,556,649	2,891,497
School Administrative services	6,517,648	7,075,348	7,481,370	8,196,494	8,301,460	8,152,419	8,500,380	8,181,918	7,872,388	8,605,927
General administration	2,601,170	2,531,498	3,009,420	3,100,257	3,376,168	3,092,680	2,888,848	2,744,597	2,694,879	2,793,661
Central Services	1,708,111	2,271,440	2,368,487	2,783,984	2,742,118	2,509,388	2,614,709	2,597,369	2,460,908	2,579,787
Plant operations and maintenance	8,529,701	9,788,160	10,798,555	11,409,353	11,985,653	11,181,780	12,095,275	11,246,307	11,102,076	10,959,361
Pupil transportation	4,920,385	5,367,709	5,434,295	5,929,400	6,744,694	6,836,546	6,518,303	6,590,112	6,520,750	6,723,371
Interest on long-term debt	1,588,225	1,415,435	1,622,143	1,462,769	1,450,344	1,306,716	1,343,236	1,010,561	989,666	968,684
Total governmental activities expenses	116,061,160	126,191,273	135,211,216	147,425,714	155,691,065	155,267,508	159,544,243	152,624,005	156,922,599	162,883,747
Business-type activities:										
Food service	2,563,452	2,637,911	2,639,788	2,759,018	3,200,508	3,401,829	3,624,744	3,720,149	3,981,710	4,212,477
Other Non Major	206,678	226,375	213,350	215,424	243,358	287,938	371,989	242,605	237,165	305,275
Total business-type activities expense	2,770,130	2,864,286	2,853,138	2,974,442	3,443,866	3,689,767	3,996,733	3,962,754	4,218,875	4,517,752
Total district expenses	\$ 118,831,290	\$ 129,055,559	\$ 138,064,354	\$ 150,400,156	\$ 159,134,931	\$ 158,957,275	\$ 163,540,976	\$ 156,586,759	\$ 161,141,474	\$ 167,401,499
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 145,775	\$ 34,415	\$ 32,423	\$ 118,770	\$ 163,840	\$ 218,265	\$ 163,840	\$ 218,265	\$ 26,592,025	\$ 29,870,023
Operating grants and contributions	23,559,193	25,228,575	25,989,927	30,167,740	32,559,568	25,354,325	30,279,308	24,939,721	26,399,721	29,870,023
Capital grants and contributions	3,928,523	304,722	2,802,673	-	1,145,327	3,664	50,469	68,178	1,587,105	-
Total governmental activities program revenues	27,633,491	25,567,712	28,825,023	30,286,510	33,704,695	25,357,989	30,493,617	25,226,164	28,179,130	29,870,023

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services:										
Food service	\$ 1,781,423	\$ 1,933,771	\$ 1,757,550	\$ 1,663,818	\$ 1,723,341	\$ 1,722,265	\$ 1,738,352	\$ 1,691,304	\$ 1,660,615	\$ 1,673,337
Other Non Major	191,182	203,274	205,546	206,983	231,425	268,838	344,735	265,266	281,594	348,439
Operating grants and contributions	674,555	602,769	972,846	1,251,511	1,542,366	1,843,456	2,203,537	2,358,851	2,390,050	2,584,784
Capital grants and contributions										
Total business type activities program revenues	2,647,160	2,739,814	2,935,942	3,122,312	3,497,132	3,834,559	4,288,624	4,315,421	4,332,259	4,606,560
Total district program revenues	\$ 30,280,651	\$ 28,307,526	\$ 31,760,965	\$ 33,408,822	\$ 37,201,827	\$ 29,192,548	\$ 34,782,241	\$ 29,541,585	\$ 32,511,389	\$ 34,476,583
Net (Expense)/Revenue										
Governmental activities	\$ (88,427,669)	\$ (100,623,561)	\$ (106,386,193)	\$ (117,139,204)	\$ (121,986,370)	\$ (129,909,519)	\$ (129,050,626)	\$ (127,397,841)	\$ (128,743,469)	\$ (133,013,724)
Business-type activities	(122,970)	(124,472)	82,804	147,870	53,266	144,792	291,891	352,667	113,384	88,808
Total district-wide net expense	\$ (88,550,639)	\$ (100,748,033)	\$ (106,303,389)	\$ (116,991,334)	\$ (121,933,104)	\$ (129,764,727)	\$ (128,758,735)	\$ (127,045,174)	\$ (128,630,085)	\$ (132,924,916)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 89,737,592	\$ 97,434,578	\$ 103,545,393	\$ 105,901,654	\$ 109,600,671	\$ 111,747,537	\$ 116,045,650	\$ 117,891,086	\$ 119,728,264	\$ 121,630,815
State Aid restricted for debt service	207,863	209,307	203,607	203,227	202,193	406,440	222,259	184,062	181,134	178,050
Unrestricted grants and contributions	5,418,705	5,999,608	9,193,993	9,333,015	9,842,006	16,188,770	14,534,014	14,999,272	17,005,219	17,777,000
Investment earnings										
Miscellaneous income	719,027	1,017,953	1,761,779	1,976,677	1,580,266	1,207,026	768,389	543,757	1,001,553	2,866,965
Transfers	99,087	(1,883)	(11,493)	(10,147)	(6,538)	(19,100)	(27,254)		3,962	
Total governmental activities	96,182,274	104,659,563	114,693,279	117,408,426	121,218,598	129,530,673	131,543,058	133,618,157	137,919,932	142,452,830
Business-type activities:										
Investment earnings	4,393	25,794	31,538	38,757	19,538	5,326	4,016	4,137	1,312	916
Transfers	(99,087)	1,883	11,493	10,147	6,538	19,100	27,254		(3,962)	
Total business-type activities	(94,694)	27,677	43,031	48,904	26,076	24,426	31,270	4,137	(2,650)	916
Total district-wide	\$ 96,087,580	\$ 104,687,240	\$ 114,738,310	\$ 117,457,330	\$ 121,244,674	\$ 129,555,099	\$ 131,574,328	\$ 133,622,294	\$ 137,917,282	\$ 142,453,746
Change in Net Position										
Governmental activities	\$ 7,754,605	\$ 4,036,002	\$ 8,309,086	\$ 269,222	\$ (767,772)	\$ (378,846)	\$ 2,492,432	\$ 6,220,316	\$ 9,176,463	\$ 9,439,106
Business-type activities	(217,664)	(96,795)	123,835	196,774	79,342	169,218	323,161	356,804	110,734	89,724
Total district	\$ 7,536,941	\$ 3,939,207	\$ 8,434,921	\$ 466,096	\$ (688,430)	\$ (209,628)	\$ 2,815,593	\$ 6,577,120	\$ 9,287,197	\$ 9,528,830

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

CLIFTON BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 1,018,813	\$ 290,704	\$2,635,546	\$ 4,695,990	\$ 1,263,246	\$ 494,618	\$ 1,068,024			
Unreserved	971,772	2,920,460	5,501,708	1,190,769	(68,936)	(1,638,837)	(480,504)	\$ 3,990,855	\$ 8,453,827	\$ 14,334,020
Restricted								913,999	3,062,633	3,102,293
Assigned								350,415	(97,438)	(179,677)
Unassigned										
Total general fund	\$ 1,990,585	\$ 3,211,164	\$8,137,254	\$ 5,886,759	\$ 1,194,310	\$(1,164,219)	\$ 587,520	\$ 5,255,269	\$ 11,419,022	\$ 17,256,636
All Other Governmental Funds										
Reserved	\$ 2,377,945	\$ 1,033,625	\$7,148,268	\$ 7,112,324	\$ 8,027,449				\$ 33,413	\$ 33,412
Unreserved	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	\$ 3,925,067	\$ 7,544,712	\$8,300,699	\$ 10,356,873	\$ 9,494,276	\$ 1,031,298	\$ 192,067	\$ 36,759	\$ 33,413	\$ 33,412

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 TEN FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax levy	\$ 89,737,592	\$ 97,434,578	\$ 103,545,393	\$ 105,901,654	\$ 109,600,671	\$ 111,747,537	\$ 116,045,650	\$ 117,891,086	\$ 119,728,264	\$ 121,630,815
Tuition charges	145,775	34,415	32,423	118,770						
Interest earnings										
Miscellaneous	724,247	999,806	1,761,779	1,988,774	1,591,630	1,214,799	942,129	770,467	1,010,802	2,873,405
State sources	29,519,394	27,811,620	34,241,612	35,447,893	39,254,815	36,726,537	35,351,726	32,289,743	35,518,121	41,057,622
Federal sources	3,589,670	3,930,592	3,950,588	4,244,453	4,482,715	5,218,889	9,724,424	7,955,095	9,837,913	6,761,011
Total revenue	123,716,678	130,211,011	143,531,795	147,701,544	154,929,831	154,907,762	162,063,929	158,906,391	166,095,100	172,322,853
Expenditures										
Instruction										
Regular Instruction	48,795,079	52,636,314	56,509,944	62,838,866	65,563,194	64,804,238	67,689,412	65,867,269	67,724,971	69,933,611
Special education instruction	16,849,882	17,205,464	17,452,247	19,400,811	21,565,864	21,692,493	22,174,058	20,884,571	22,033,373	23,890,871
Other instruction	5,283,757	5,095,015	5,685,249	6,379,107	6,620,191	7,641,460	8,662,716	8,614,069	8,693,757	8,788,560
School sponsored activities and athletics	1,134,370	1,266,198	1,429,956	1,567,473	1,644,348	1,746,555	1,814,006	1,624,714	1,751,843	1,673,254
Support Services:										
Student & inst. related services	14,182,183	16,227,041	16,731,335	18,163,682	18,896,916	19,651,131	19,678,998	19,385,050	19,710,518	20,547,144
Attendance and Social Work	231,154	268,161	311,218	347,125	364,452	365,542	400,291	432,272	434,011	-
Educational Media/School Library	2,766,764	2,947,353	3,125,890	3,293,122	3,391,300	3,384,611	3,302,756	2,170,936	2,506,105	2,835,144
General administration	2,587,366	2,505,234	2,968,300	3,069,522	3,336,929	3,053,296	2,874,942	2,745,594	2,668,180	2,768,775
School administrative services	6,433,292	6,892,353	7,196,357	7,983,474	8,053,398	7,897,822	8,372,555	8,082,098	7,690,891	8,413,140
Central services	1,683,839	2,234,330	2,310,601	2,736,219	2,681,059	2,433,921	2,604,179	2,575,636	2,419,204	2,532,172
Plant operations and maintenance	8,452,525	9,616,117	10,532,546	11,197,551	11,706,754	10,830,205	12,089,328	11,151,601	10,912,454	10,763,418
Pupil transportation	4,894,990	5,302,435	5,332,205	5,850,266	6,645,269	6,690,712	6,516,614	6,546,750	6,440,990	6,641,328
Capital outlay	12,120,618	9,423,201	3,296,047	2,379,097	4,587,880	10,510,316	1,170,321	671,734	3,436,175	4,215,591
Debt service:										
Refunding bond issuance costs		134,047							58,685	100,366
Advance Refunding Escrow									61,170	610,495
Principal	3,550,970	3,993,610	3,634,288	3,829,180	4,108,932	4,050,235	2,923,378	2,916,955	2,999,522	3,031,865
Interest and other charges	1,620,043	1,232,997	1,640,329	1,467,990	1,462,487	1,277,416	1,146,462	1,114,920	974,132	895,237
Total expenditures	130,586,832	136,979,870	138,156,512	150,503,485	160,628,973	166,029,953	161,420,016	154,784,169	160,515,981	167,640,971
Excess (Deficiency) of revenues over (under) expenditures	(6,870,154)	(6,768,859)	5,375,283	(2,801,941)	(5,699,142)	(11,122,191)	643,913	4,122,222	5,579,119	4,681,882

CLIFTON BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing sources (uses)										
Proceeds from borrowing		\$ 11,149,000		\$ 2,417,000						
Capital leases (non-budgeted)	\$ 62,678	295,156	\$ 318,287	197,228	\$ 150,634	\$ 319,784	\$ 295,849	\$ 390,219	\$ 436,632	\$ 444,870
Accrued interest		18,147		3,539						
Refunding Bond Proceeds		10,158,254							2,785,000	7,410,000
Premium on Refunding Bonds		(10,009,591)							167,694	774,861
Payment to refunded bond escrow agent		672,930	239,932	251,676	616,819	52,356	571,829	159,574	(2,812,000)	(7,474,000)
Transfers in	1,294,094	(674,813)	(251,425)	(261,823)	(623,357)	(71,456)	(599,083)	(159,574)	49,824	-
Transfers out	(1,195,007)								(45,862)	-
Total other financing sources (uses)	161,765	11,609,083	306,794	2,607,620	144,096	300,684	268,595	390,219	581,288	1,155,731
Net change in fund balances	\$ (6,708,389)	\$ 4,840,224	\$ 5,682,077	\$ (194,321)	\$ (5,555,046)	\$ (10,821,507)	\$ 912,508	\$ 4,512,441	\$ 6,160,407	\$ 5,837,613
Debt service as a percentage of noncapital expenditures	4.36%	4.10%	3.91%	3.58%	3.57%	3.43%	2.54%	2.62%	2.53%	2.40%

* Noncapital expenditures are total expenditures less capital outlay.

**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>Cancellation PY Payables</u>	<u>Tuition</u>	<u>E-Rate Refund</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2012	29,301	12,763	121,933	394,779			185,030	257,501	1,001,307
2013	27,646		161,916	114,802	\$ 2,184,520		215,206	162,875	2,866,965

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equitized) Value	Total Direct School Tax Rate ^a
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	\$ 9,984,407	\$ 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	8,432,890	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	134,394,400	5,254,887,200	7,276,110	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	133,743,700	5,273,159,500	6,239,481	5,279,398,981	10,542,328,040	2.080
2008	54,923,000	3,745,403,300	-	11,600	744,422,200	634,379,500	132,588,300	5,311,727,900	6,318,889	5,318,046,789	11,351,818,555	2.101
2009	44,246,800	3,746,038,100	-	11,600	769,762,700	625,859,000	132,718,500	5,318,656,700	7,719,425	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	9,599,427	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	8,198,800	5,299,916,200	10,725,528,322	2.259
2012	44,528,100	3,746,979,000	-	11,900	771,504,900	579,642,100	138,159,500	5,280,823,500	8,525,158	5,289,350,658	9,795,029,000	2.300
2013	40,739,600	3,746,259,000	-	304,000	796,276,600	586,032,700	138,258,000	5,307,889,900	8,385,316	5,316,275,216	9,449,850,579	2.325

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>	
2004	\$ 1.856	\$ 0.866	\$ 0.758	\$ 3.480
2005	1.966	0.956	0.818	3.740
2006	2.014	1.023	0.913	3.950
2007	2.080	1.123	0.987	4.190
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
2012	2.300	1.429	1.174	4.903
2013	2.325	1.447	1.200	4.972

Source: County Abstract of Ratables

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

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman La Roche	\$ 103,623,100	1.95%	\$ 139,334,100	2.65%
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	31,678,500	0.60%	32,376,200	0.62%
Individual Taxpayer			31,975,000	0.61%
Country Club Towers I & II LLC	23,581,900	0.44%		
Clifton Lifestyle Ctr LLC	21,682,500	0.41%		
Exelis Inc (ITT)	20,098,100	0.38%	25,171,600	0.48%
Styertowne Shopping Center	19,663,600	0.37%		
Ransan LLC			23,228,000	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	0.29%		
Bell Atlantic			15,860,549	0.30%
	<u>\$ 334,015,800</u>	<u>6.28%</u>	<u>\$ 367,562,349</u>	<u>6.99%</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	
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%	-
2012	119,728,264	119,728,264	100.00%	-
2013	121,630,815	121,630,815	100.00%	-

Source: District Records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
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	84,201	303
2011	22,293,000	697,037	22,990,037	84,269	273
2012	19,591,000	809,147	20,400,147	84,722	241
2013	16,872,000	877,152	17,749,152	84,722	209

Source: District records

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			
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%	296
2011	22,293,000	1	22,292,999	0.42%	265
2012	19,591,000	33,413	19,557,587	0.37%	232
2013	16,872,000	33,412	16,838,588	0.32%	199

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, 2012
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Board of Education	\$ 18,246,000	\$ 18,246,000	
City	<u>84,429,294</u>	<u>12,930,497</u>	<u>\$ 71,498,797</u>
	<u>\$ 102,675,294</u>	<u>\$ 31,176,497</u>	71,498,797
Overlapping Debt Apportioned to the Municipality:			
Passaic County:			
County of Passaic (A)			74,033,898
Passaic County Utilities Authority- Solid Waste (A)			11,940,178
Passaic Valley Sewerage Commission (B)			17,566,632
Passaic Valley Water Commission (C)			19,780,235
North Jersey District Water Supply Commission (B)			<u>1,772,345</u>
Total Direct and Overlapping Debt			<u>\$ 196,592,085</u>

Source:

(1) City's 2012 Annual Debt Statement

(A) The debt for this entity was apportioned to the City by dividing the municipality's 2012 equalized value by the total 2012 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 Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$225,931,228	\$249,899,069	\$282,585,208	\$320,791,932	\$406,901,847	\$435,569,120	\$438,582,493	\$426,755,589	\$406,618,635	\$389,117,194
Total net debt applicable to limit	<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>	<u>19,591,000</u>	<u>16,872,000</u>
Legal debt margin	<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>	<u>\$387,027,635</u>	<u>\$372,245,194</u>
Total net debt applicable to the limit as a percentage of debt limit	15.43%	12.64%	13.99%	11.29%	7.71%	6.35%	5.69%	5.22%	4.82%	4.34%

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	
2012	\$ 9,275,997,716
2011	9,679,380,648
2010	10,228,411,175
	<u>\$ 29,183,789,539</u>
Average equalized valuation of taxable property	
	\$ 9,727,929,846
Debt limit (4 % of average equalization value)	
	389,117,194
Total Net Debt Applicable to Limit	
	<u>16,872,000</u>
Legal debt margin	
	<u>\$ 372,245,194</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>
2003	78,785	\$ 32,585	5.10%
2004	78,345	33,370	3.90%
2005	78,325	35,269	4.60%
2006	78,057	37,865	4.90%
2007	77,762	40,223	4.70%
2008	77,811	41,556	6.00%
2009	78,224	40,426	7.40%
2010	84,201	42,228	10.20%
2011	84,269	43,209	7.40%
2012	84,722	N/A	10.10%

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)

<u>Employer</u>	<u>2013</u>		<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction	617	636	638	657	665	684	659	642	665	682
Regular	139	142	136	134	143	135	120	121	131	143
Special education	53	45	40	62	50	50	52	60	59	146
Vocational										
Other instruction	63	60	61	61	61	11	13	27	24	22
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	160	180	176	163	163	166	166	152	162	177
General administration	9	9	9	9	9	10	8	8	7	7
School administrative services	75	76	76	76	76	76	78	73	70	72
Other administrative services										
Central services	18	17	17	17	17	17	16	15	15	18
Administrative Information Technology	2	2	3	3	3	3	3	3	3	3
Plant operations and maintenance	93	99	100	100	100	98	98	96	94	94
Pupil transportation	41	47	47	44	42	44	47	47	47	47
Other support services	29	33	33	33	33	43	55	62	72	24
Special Schools										
Food Service	27	26	25	22	22	21	15	14	13	10
Child Care										
Total	1,326	1,372	1,361	1,381	1,384	1,358	1,330	1,320	1,362	1,445

Source: District Personnel Records

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
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%
2012	10,936	152,986,297	13,989	1.97%	796	13.98	12.49	14.46	10,936	10,393	-0.40%	95.03%
2013	10,918	158,787,417	14,544	3.96%	825	13.4	12.11	13.88	10,918	10,344	-0.16%	94.74%

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.

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

	2004	2005	2006	2007	2008	2009	2010	2012	2013
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
Capacity (students)	209	209	209	209	209	209	209	209	209
Enrollment	245	240	281	274	281	277	290	300	307
School No. 2 (1930)									
Square Feet	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
Enrollment ^a	376	378	372	357	355	389	428	430	419
School No. 3 (1931)									
Square Feet	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
Enrollment	253	250	251	256	269	273	285	300	319
School No. 4 (1929)									
Square Feet	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
Enrollment	157	131	171	172	174	158	151	157	165
School No. 5 (1913)									
Square Feet	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
Enrollment ^a	332	324	324	330	340	342	367	368	376
School No. 8 (1926)									
Square Feet	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
Enrollment	189	199	188	188	198	202	219	220	232
School No. 9 (1924)									
Square Feet	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
Enrollment	313	284	257	273	274	288	309	333	342
School No. 11 (1905)									
Square Feet	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
Enrollment ^a	525	412	412	422	445	464	469	450	461
School No. 12 (1910)									
Square Feet	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	411	411	411	411
Enrollment	732	564	568	609	581	577	585	594	664

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

	2004	2005	2006	2007	2008	2009	2010	2012	2013
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
Capacity (students)	350	350	350	350	350	350	350	350	350
Enrollment ^a	390	385	409	382	400	424	440	463	440
School No. 14 (1953)									
Square Feet	39,815	39,815	39,815	39,815	39,815	39,815	39,815	47,915	47,915
Capacity (students)	267	267	267	267	267	267	267	267	267
Enrollment	296	287	282	269	279	293	38	346	339
School No. 15 (1921)									
Square Feet	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
Enrollment	454	394	345	320	347	332	345	347	361
School No. 16 (1957)									
Square Feet	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
Enrollment ^a	228	225	222	231	239	245	235	207	214
School No. 17 (2004)									
Square Feet	92,312	92,312	92,312	92,312	92,312	92,312	92,312	92,312	92,312
Capacity (students)	623	623	623	623	623	623	623	623	623
Enrollment	414	510	514	514	527	532	554	561	552
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
Capacity (students)	761	761	761	761	761	761	761	761	761
Enrollment	1,287	1,300	1,273	1,221	1,238	1,193	1,153	1,216	1,201
Woodrow Wilson (1955)									
Square Feet	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
Enrollment	1,245	12,214	1,190	1,187	1,154	1,224	1,303	1,346	1,295
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
Capacity (students)	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337
Enrollment	3,291	3,336	3,313	3,346	3,423	3,239	2,819	3,299	3,235

EXHIBIT J-18

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

	2004	2005	2006	2007	2008	2009	2010	2012	2013
Other									
Administration Building									
Square Feet	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	70,000	70,000
Capacity (students)	500	500	500	500	500	500	500	500	500
Enrollment							472		
Stadium									
Square Feet	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
Number of Schools at June 30, 2013									
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)**

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

SCHOOL FACILITIES	PROJECT #	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Board of Education Building				\$ 923	\$ 23,157	\$ 47,450	\$ 42,994	\$ 41,155	\$ 27,053	\$ 36,082	\$ 29,801
Clifton Stadium						51,559	31,604	20,398	9,593	12,088	4,845
Transportation				2,424	10,209	31,990	30,385	26,443	24,657	20,918	28,127
Clifton High School	N/A	\$ 342,979	\$ 316,149	353,390	322,251	311,069	308,167	222,784	244,797	246,740	258,469
Clifton High School Annex									49,378	40,656	51,734
Woodrow Wilson Middle School	N/A	141,101	144,388	151,649	141,714	141,223	104,258	117,121	98,474	90,294	106,304
Christopher Columbus Middle School	N/A	103,165	124,289	128,932	114,979	115,536	118,698	84,449	78,121	74,594	92,079
School No. 1	N/A	36,479	32,091	36,656	38,920	33,037	35,471	24,513	30,459	20,204	23,676
School No. 2	N/A	46,367	53,635	58,299	61,185	58,220	51,582	49,520	37,714	36,972	45,171
School No. 3	N/A	40,881	42,603	45,721	49,094	47,843	45,384	41,583	34,318	31,742	35,862
School No. 4	N/A	16,567	21,286	23,929	29,245	23,074	23,860	20,380	24,938	13,384	15,801
School No. 5	N/A	38,876	47,842	57,245	49,159	49,159	41,618	42,630	35,675	32,441	37,600
School No. 8	N/A	26,751	25,376	28,949	35,206	27,983	28,622	23,242	18,283	48,389	20,568
School No. 9	N/A	40,292	46,722	52,866	54,720	47,676	45,470	36,627	33,187	35,456	38,597
School No. 11	N/A	42,493	52,036	54,923	62,025	50,968	58,837	44,086	38,550	35,100	42,086
School No. 12	N/A	54,732	58,086	63,988	62,613	72,111	53,797	49,556	45,418	39,032	51,509
School No. 12 Annex	N/A	7,506	7,921	8,159	8,455	9,814	8,396	62,488	-		
School No. 13	N/A	42,923	50,639	56,362	53,559	57,641	55,918	52,299	49,122	39,400	38,771
School No. 14	N/A	30,486	38,361	40,193	45,890	40,390	35,097	30,573	24,019	21,246	35,668
School No. 15	N/A	36,661	41,482	40,308	43,887	33,620	37,375	26,245	23,255	24,042	22,068
School No. 16	N/A	44,395	33,849	47,030	46,302	44,890	39,429	35,156	34,332	31,292	27,859
School No. 17	N/A	N/A	84,564	92,951	118,746	123,687	108,406	86,965	79,686	73,022	69,103
GRAND TOTAL		\$ 1,092,654	\$ 1,221,319	\$ 1,344,897	\$ 1,374,317	\$ 1,418,940	\$ 1,305,368	\$ 1,138,213	\$ 1,041,029	\$ 1,003,094	\$ 1,075,698

Source: District Records

**CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2013
(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>		
<u>Policy 60A2UB000100401</u>	Limit	Retention
	9,000,000	10,000
 <u>Excess Liability- Fireman's Fund</u>		
<u>Policy SHX-000-6940-1388</u>	50,000,000	10,000
 <u>School Board Legal Liability E&O - Darwin National Assurance</u>		
<u>Policy - 0202-0852</u>	Limit	Deductible
<u>Employment Practices Liability</u>	1,000,000	25,000
	1,000,000	75,000
 <u>Public Official Bonds-Hartford Fidelity Bonding</u>		
13SBBD0888 Raymond Jacobus - Treasurer	525,000	N/A
13SBBU3973 Karen Perkins - BA/BS	10,000	N/A
13SBBU3966 G. Harriet Schuster - Student Activity Fund Director	50,000	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, 2013
(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	10,000,000	\$ 25,000
<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	1,000
Contents	154,100	1,000
<u>Student Accident - Peoples Benefit Life Ins. Co.</u>		
<i>Policy-20441943000</i>		
P906 Interscholastic Sports		
Maximum Benefit Student Accident	5,000,000	N/A

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
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
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, 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**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, 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, 2013 and the related notes to the financial statements, which collectively comprise the Clifton Board of Education's basic financial statements and have issued our report thereon dated November 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clifton Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Clifton Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clifton Board of Education's internal control.

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

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

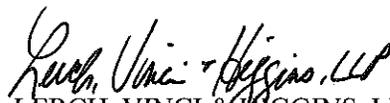
Compliance and Other Matters

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

We noted certain matters that we 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 November 25, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clifton Board of Education’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Clifton Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 25, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY 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

Report on Compliance for Each Major Federal and State Program

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 the Clifton Board of Education's major federal and state programs for the fiscal year ended June 30, 2013. The 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Clifton Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. 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 the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Clifton Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Clifton Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Clifton Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Clifton Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. 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 Clifton Board of Education's internal control over compliance.

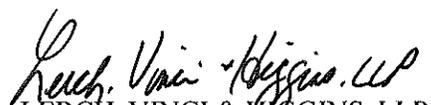
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

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, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 25, 2013, which contained unmodified opinions. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 25, 2013

CLIFTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment (1)	Prior Years' Balances	Refund of	Balance, June 30, 2013 (Accounts Receivable)	Unearned Revenue	Due to Grantor	MEMO GAAP Receivable
General Fund															
U.S. Department of Health & Human Services- Passed-Through State Dept. of Education Special Education Medicaid Initiative	93.778	N/A	7/1/12-6/30/13	\$ 252,635			\$ 252,635	\$ 252,635							
U.S. Department of Education Passed-Through State Dept. of Education Education Jobs fund	84.410A	ARRA-1610-13	7/1/12-6/30/13	2,375			2,375	2,375				(2,375)			\$ (2,375)
Total General Fund							252,635	255,010				(2,375)			(2,375)
U.S. Department of Agriculture															
Passed-Through State Dept. of Education Food Distribution Program - Non Cash Assistance	10.555	N/A	7/1/12-6/30/13	145,931			145,931	144,195					\$ 1,736		
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	281,110			213,007	281,110				(68,103)			(68,103)
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	277,940	\$ (24,126)		24,126	2,079,359				(431,463)			(431,463)
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	2,079,359			1,647,896	2,079,359							
Fresh Fruits and Vegetable Program	10.582	N/A	7/1/11-6/30/12	2,022,031	(369,688)		369,688								
Fresh Fruits and Vegetable Program	10.582	N/A	7/1/12-6/30/13	31,300			31,300	31,300				(6,674)			(6,674)
Total Enterprise Funds							4,439	2,535,964				(506,240)	1,736		(506,240)
					(398,253)		2,429,713								
U.S. Department of Education															
Passed-Through State Dept. of Education															
NCLB Title I	84.010A	NCLBCV-110013	9/1/12-8/31/13	2,935,227		\$ 742,598	1,400,544	2,887,280	\$ 24,240			(1,534,683)	814,785		(1,534,683)
NCLB Title I, Carryover	84.010A	NCLBCV-110012	9/1/11-8/31/12	3,115,438	(1,134,555)	(742,598)	1,499,665					(377,488)			(377,488)
NCLB Title I, Carryover	84.010A	NCLBCV-090010	9/1/09-8/31/10	2,095,253	24,250		523,294						24,250		
ARRA Title I, Part A, Carryover	84.389	ARRA-090010	9/1/09-8/31/10	1,692,803	(27,097)		27,097								
NCLB Title II, Part A	84.367A	NCLBCV-110013	9/1/12-8/31/13	303,154		137,991	193,090	394,864				(110,064)	46,281		(110,064)
NCLB Title II, Part A, Carryover	84.367A	NCLBCV-110012	9/1/11-8/31/12	369,635	(75,775)	(137,991)	138,918					(74,848)			(74,848)
NCLB Title II, Part A, Carryover	84.367A	NCLBCV-100011	9/1/10-8/31/11	433,218	(105,761)		105,761								
NCLB Title II, Part D, Carryover	84.365A	NCLBCV-090010	9/1/09-8/31/10	21,003		4,345	4,345								
NCLB Title III	84.365A	NCLBCV-110013	9/1/12-8/31/13	162,410		117,797		108,259				(162,410)	171,948		(162,410)
NCLB Title III, Carryover	84.365A	NCLBCV-110012	9/1/11-8/31/12	173,710	(17,141)	(117,797)	107,288					(27,650)			(27,650)
NCLB Title III, Carryover	84.365A	NCLBCV-100011	9/1/10-8/31/11	194,494	(55,863)		55,863								
NCLB Title III Immigrant, Carryover	84.365A	NCLBCV-110012	9/1/11-8/30/12	112,122	19,880		30,063	115,176				(82,059)	16,826		(82,059)
NCLB Title III Immigrant, Carryover	84.365A	NCLBCV-100011	9/1/10-8/30/11	74,274	(57,353)		57,353								
LD.E.A. Part B, Basic	84.027	FT-1100-13	9/1/12-8/31/13	2,751,400		1,066,272	1,045,741	2,814,343		(154)		(2,751,400)	1,003,175		(2,751,400)
LD.E.A. Part B, Basic, Carryover	84.027	FT-1100-12	9/1/11-8/31/12	2,647,655	(531,618)	(1,066,272)	1,045,741					(552,149)			(552,149)
LD.E.A. Part B, Basic Carryover	84.027	FT-1000-11	9/1/10-8/31/11	2,557,137	(471,033)		471,033								
LD.E.A. Part B, Preschool	84.173	PS-1100-13	9/1/12-8/31/13	86,917		69,039		76,973				(86,917)	78,983		(86,917)
LD.E.A. Part B, Preschool, Carryover	84.173	PS-1100-12	9/1/11-8/31/12	85,446	6,705	(69,039)						(62,334)			(62,334)
LD.E.A. Part B, Preschool, Carryover	84.173	PS-1000-11	9/1/10-8/31/11	85,121	(66,050)		65,319					(2,731)			(2,731)
LD.E.A. Part B, Preschool, Carryover	84.173	PS-0900-10	9/1/09-8/31/10	80,916	(714)		714								
Carl D. Perkins	84.243A	PERK219013	9/1/12-8/31/13	104,761			104,761	104,761							
Carl D. Perkins	84.243A	PERK219012	9/1/11-8/31/12	95,196	(8,134)		8,134								
Total Special Revenue Fund					(3,023,553)		5,836,983	6,506,001	24,086			(5,824,733)	2,156,248		(5,824,733)
Total							8,519,331	9,296,975	24,086			(6,333,348)	2,157,984		(6,333,348)
(1) Unliquidated payables															

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

CLIFTON BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012		Carryover Amount	Cash Received	Budgetary Expenditures	Revised of Prior Years' Balances	Balance, June 30, 2013		Memo Only Cumulative Total
				(Accounts Receivable)	Unearned Revenue					(Account Receivable)	Unearned Revenue	
State Department of Education												
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 17,264,722	\$ (1,659,667)			\$ 1,659,667					\$ 17,831,443
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	17,831,443			16,117,333	\$ 17,831,443			\$ (1,714,110)		\$ 17,831,443
Special Education Categorical Aid	12-495-034-5120-083	7/1/11-6/30/12	6,114,814	(591,114)		591,114						6,546,816
Special Education Categorical Aid	13-495-034-5120-083	7/1/12-6/30/13	6,546,816			5,934,633	6,546,816			(612,183)		6,546,816
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	184,292	(22,736)		22,736						699,602
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	699,602			626,140	699,602			(73,462)		699,602
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	699,602			406,743	455,718			(48,975)		455,718
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	687,749	(687,749)		687,749						685,643
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	685,643				685,643			(685,643)		685,643
Non-Public Transportation Aid	N/A	7/1/11-6/30/12	139,799	(139,799)		139,799						118,245
Non-Public Transportation Aid	N/A	7/1/13-6/30/13	118,245				118,245			(118,245)		118,245
TPAF Pension and Annuity Aid												
Normal	13-495-034-5095-066	7/1/12-6/30/13	3,874,106			3,874,106	3,874,106					3,874,106
Normal	13-495-034-5095-067	7/1/12-6/30/13	203,831			203,831	203,831					203,831
Post Retirement Medical	13-495-034-5095-001	7/1/12-6/30/13	4,611,116			4,611,116	4,611,116					4,611,116
TPAF Social Security Aid	13-495-034-5095-002	7/1/12-6/30/13	5,307,168			4,819,078	5,307,168			(488,090)		5,307,168
				(3,101,065)		39,694,045	40,333,688			(3,740,708)		40,333,688
Total General Fund												
New Jersey Nonpublic Aid												
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	73,817			73,817	72,686			\$ 1,131		72,686
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	57,092			99,302	99,302		979			99,302
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	99,302			27,440	25,548			1,892		25,548
Technology	13-100-034-5120-373	7/1/12-6/30/13	27,440				23,208					23,208
Auxiliary Services												
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	276,742			276,742	237,208			39,534		237,208
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	284,876			122,774	59,511		58,752			59,511
English as a Second Language	13-100-034-5120-067	7/1/12-6/30/13	122,774				33,424		11,552			33,424
English as a Second Language	12-100-034-5120-067	7/1/11-6/30/12	57,497			99,884	66,460					66,460
Transportation	13-100-034-5120-068	7/1/12-6/30/13	99,884				82,701					82,701
Handicapped Services												
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	99,202			99,202	54,215			16,501		54,215
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	74,995			74,995	26,064			20,780		26,064
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	74,246			65,915	54,396		26,064			54,396
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	65,915				26,939			11,519		26,939
Supplemental Instruction	13-100-034-5120-066	7/1/12-6/30/13	77,167						26,939			77,167
Supplemental Instruction	12-100-034-5120-066	7/1/11-6/30/12	77,167									77,167
Total Special Revenue Fund						940,071	718,991		124,286		221,080	718,991
State Department of Education												
Debt Service Aid, Type II	13-100-034-5120-075	7/1/12-6/30/13	178,050			178,050	178,050					178,050
Total Debt Service Fund						178,050	178,050					178,050

CLIFTON BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012		Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2013		Memo Only	
				(Accounts Receivable)	Unearned Revenue						(Account Receivable)	Unearned Revenue	GAAP Receivable	Cumulative Total Expenditures
State Department of Agriculture														
National School Lunch Pgm.(State Share)	13-100-010-3350-023	7/1/12-6/30/13	\$ 48,820				\$ 39,114	\$ 48,820					\$ (9,706)	\$ 48,820
National School Lunch Pgm.(State Share)	12-100-010-3350-023	7/1/11-6/30/12	50,998	\$ (2,953)			2,953							
Total Enterprise Funds				(2,953)			42,067	48,820					(9,706)	48,820
Total				\$ (3,104,018)	\$ -	\$ 124,286	\$ 40,854,233	\$ 41,279,549	\$ 124,286	\$ -	\$ (3,750,414)	\$ -	\$ (616,041)	\$ 41,279,549
Less On-Behalf TPAF Pensions and Annuity Aid														
Normal	13-495-034-5095-006	7/1/12-6/30/13	3,874,106				3,874,106	3,874,106						3,874,106
NCGI	13-495-034-5095-007	7/1/12-6/30/13	203,831				203,831	203,831						203,831
Post Retirement Medical	13-495-034-5095-001	7/1/12-6/30/13	461,116				4,611,116	4,611,116						4,611,116
Total for State Financial Assistance Determination							\$ 32,165,180	\$ 32,590,496	\$ 124,286	\$ -	\$ (3,750,414)	\$ -	\$ (616,041)	\$ 32,590,496

**CLIFTON BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 prepared and 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. The information in these schedules is presented in accordance with requirements of U.S. 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". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on 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 a decrease of \$173,107 for the general 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 fund. 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	\$ 255,010	\$ 40,160,581	\$ 40,415,591
Special Revenue Fund	6,506,001	718,991	7,224,992
Debt Service Fund	-	178,050	178,050
Food Service Fund	2,535,964	48,820	2,584,784
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 9,296,975</u>	<u>\$ 41,106,442</u>	<u>\$ 50,403,417</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, 2013**

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 \$5,307,168 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$4,077,937 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,611,116 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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, 2013**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</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>Unmodified</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 reported

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 Basic and Preschool</u>
<u>84.010A</u>	<u>NCLB Title I</u>
<u>84.367</u>	<u>NCLB 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>\$ 300,000</u>
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Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no
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**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013

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, 2013**

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 2012-1:

IDEA Part B Basic and Preschool

Four employees could not be traced to time and activity reports and there were several budgetary line accounts overexpended.

NCLB – Title I

One employee's salary was incorrectly charged to the grant and there were several budgetary line accounts overexpended.

ARRA – Ed Jobs

The employees charged to the grant were not approved in the official minutes of the District.

Current Status

Corrective action has been taken.

Finding 2012-2:

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.