

CLIFTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CLIFTON, NEW JERSEY

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Clifton Board of Education

Clifton, New Jersey

For The Fiscal Year Ended June 30, 2016

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 15, 2016

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, 2016 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 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 Uniform Guidance and the state Treasury Circular Letter 15-08 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 2015-2016 fiscal year with an average daily enrollment of 10,840 for in-district students. The district also had 135 students in out-of-district placements.

2) ECONOMIC CONDITION AND OUTLOOK: The Clifton taxpayers continue to be the primary source of funding for the Clifton Public School District to utilize in providing a thorough and efficient education for all its students and their many diversified needs. There needs include special education programs, bilingual/English as a Second Language programs, At Risk programs, vocational programs, etc. Developing and implementing future budgets will become more difficult if the following current factors remain in place:

- Under the state funding requirements, the increase to the district's tax levy is established at a maximum of 2%. With expenditures such as salary increases and health insurance costs exceeding 2%, it is difficult to balance the appropriation within the 2% maximum.
- State Aid increases are anticipated to remain flat. Although the district has requested an increase to its state aid based on the fact that the district is considered to be under adequacy per the funding formula, those increases are not likely to occur.
- All employees currently contribute to their health insurance costs per the tier 4 rate of Chapter 78. With the sunset provision of Chapter 78, it is imperative that the district negotiate that future contributions remain at the same level, which was accomplished. Even with that, the district must budget its share of the increase for health insurance. Along with that, the district must negotiate changes to health insurance plans in order to minimize the increases.
- A new factor effecting future budgets is the Affordable Health Care Act and the "Cadillac" tax that will be placed on the district in the future. This will have a major impact on the appropriations of the budget since this fee is expected to be over \$1,000,000.

Given these factors above, it will become more and more difficult to provide budgets that will address all the varied needs of the students in the Clifton Public School District.

3. MAJOR INITIATIVES: The Clifton school district accomplished several initiatives during the 2015-2016 school year as follows:

- Replaced all 375 instructional computers at CHS and CHS Annex.
- Purchased additional 300 Chromebooks for in class instructional use to support 21st Century learning skills and for administration of the mandated PARCC assessment.
- Replaced content filtering system for internet access for instruction.
- Continued to support expanded Chromebook training and instructional use in classrooms grades 3-12.
- Launched Google Classroom training and initial classroom implementation.
- Transitioned faculty and staff to Gmail as part of a multi-year Google Classroom initiative
- Maintained training and implementation of the Danielson Model and Teachscape evaluation system. New teachers were provided three days of online training using the Teachscape system during the 2015-16 school years to deepen teacher understanding of the Danielson Model. Purchased fourth year of Teachscape online program subscription.
- Maintained online learning systems in grades 3-11 to support differentiation of instruction, remediation, and enrichment using Study Island and Renaissance 360.
- Replaced AP social studies textbooks and subscriptions for grades 10-12.
- Implemented new Next Generation Science series in grades 2 and 4.
- Intensive professional development and in-class coaching for integration of English Language Arts Standards, close reading and informational text written response in Science and Social Studies Classrooms 6-12
- Continued curricular and assessment revisions to align with Next Generation Science Standards, PARCC Evidence statements, and pacing adjustments through teacher stipend positions after school and during the summer.

3. MAJOR INITIATIVES: (Continued)

- Planned and implemented capital improvement projects as follows:
 - i) Replacement of boilers at School #4, #5, #9 and #11.
 - ii) Replacement of roofs at School #3 and #16.

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 staying within the 2% tax levy cap. 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, 2016.

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 Financial Statements", Note 1.

7) **DEBT ADMINISTRATION**: At June 30, 2016 the Clifton School District's outstanding long-term debt issues included \$9,217,000 of general obligation bonds, to provide funds for acquisition and construction of major capital facilities.

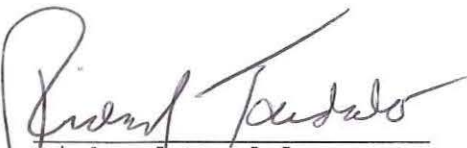
8) **CASH MANAGEMENT**: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 3. The Clifton School District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from 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 Uniform Guidance, and state Treasury Circular Letter 15-08 OMB. The auditor's report on the 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.

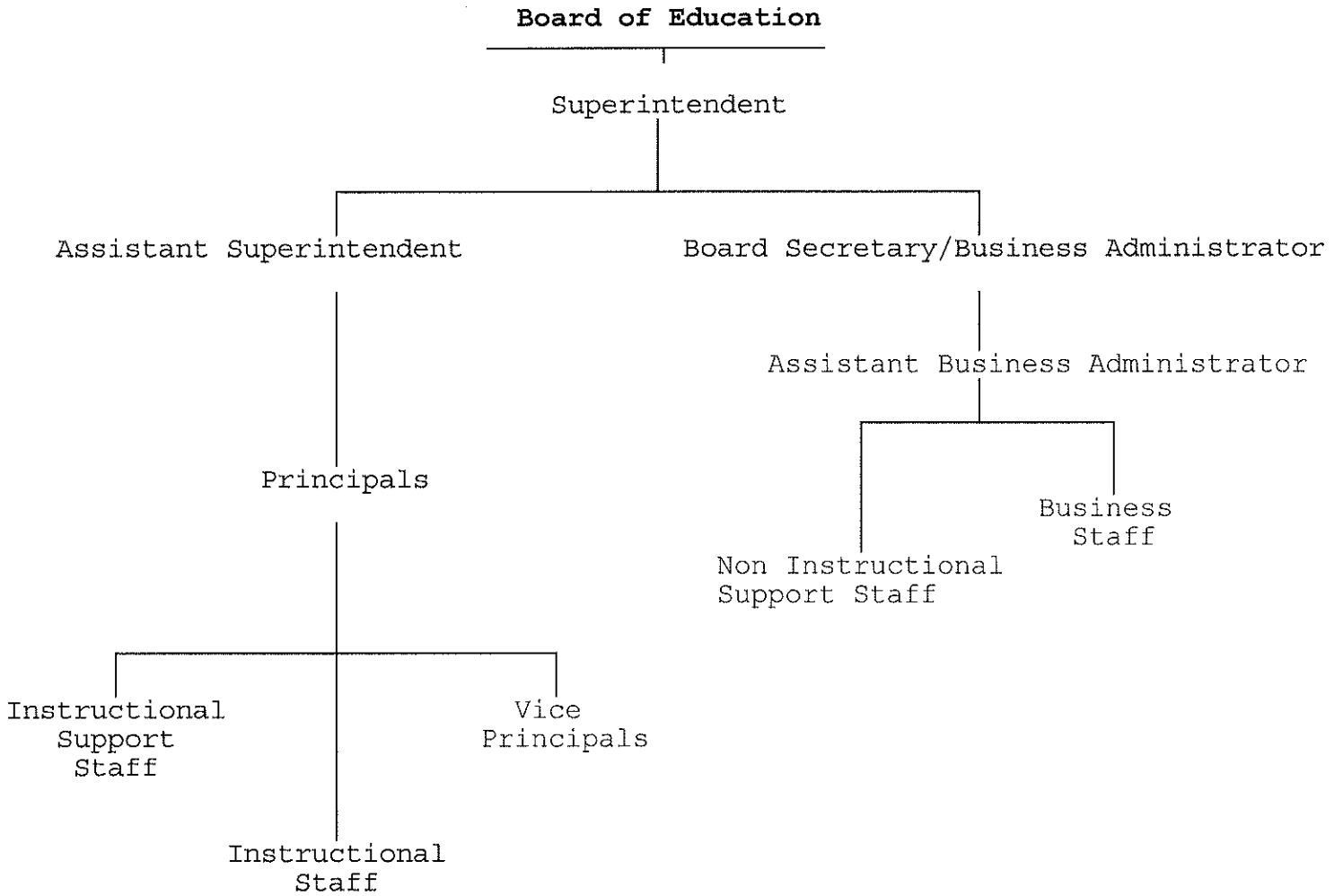
11) **ACKNOWLEDGMENTS**: We would like to express our appreciation to the members of the Clifton School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our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


Edward Appleton
Interim Board Secretary/Business Admin.

CLIFTON BOARD OF EDUCATION
Organizational Chart
(Unit Control)



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

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

Cleary Giacobbe Alfieri Jacobs LLC
169 Ramapo Valley Road, Upper Level 105
Oakland, New Jersey 07436

Official Depository

TD Bank
101 Washington Street
Hoboken, New Jersey 07030

CLIFTON BOARD OF EDUCATION

CLIFTON, NEW JERSEY

June 30, 2016

Roster of Officials

<u>Members of the Board of Education</u>	<u>Term Expires</u>
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Gary Passenti, President	2016
Arlene Agresti, Vice President	2017
Tafari Anderson	2018
Judith Bassford	2017
James Daley	2018
Lucy Danny	2017
Michael Evans	2016
Lawrence Grasso	2018
Rosemary Pino	2016

Administrators

Richard Tardalo, Superintendent

Mark Tietjen, Assistant Superintendent

Karen L. Perkins, Board Secretary/Business Administrator (7/1/15 - 6/1/2016)

Edward Appleton, Interim Board Secretary/Business Administrator (7/1/16 - Present)

Carolina Rodriguez, Assistant Board Secretary
/Assistant Business Administrator (7/1/15 - 2/15/2016)

Raymond R. Jacobus, Treasurer

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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, 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
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, 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, 2016 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clifton Board of Education as of June 30, 2016, 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, budgetary comparison information, and pension 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

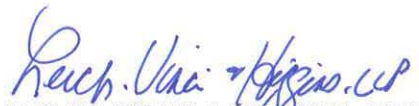
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clifton Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, 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 15, 2016 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 15, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

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, 2016. 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 2016 are as follows:

- District-Wide - Overall revenues were \$210,429,900. General revenues accounted for \$147,792,065 or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$62,637,835 or 30 percent of total revenues.
- District-Wide - The School District had \$209,197,118 in expenses; only \$62,637,835 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted state aid) of \$147,792,065 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 \$13,646,450, a decrease of \$1,099,291 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2016 and 2015, the unassigned fund balance (deficit) reported in the General Fund was \$130,380 and \$(54,937) respectively, an increase from the prior year of \$185,317.

CLIFTON BOARD OF EDUCATION

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.

The following table 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

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, 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

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 and Extensions Child Care Program.

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

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 Position. The following table provides a summary of the school district's net position for fiscal years 2016 and 2015. For 2016 and 2015 they were \$32,512,507 and \$31,279,725, 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

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

Statement of Net Position
As of June 30, 2016 and 2015

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and Other Assets	\$ 17,894,419	\$ 17,996,434	\$ 811,821	\$ 840,338	\$ 18,706,240	\$ 18,836,772
Capital Assets	70,420,494	70,102,054	149,283	182,189	70,569,777	70,284,243
Total Assets	<u>88,314,913</u>	<u>88,098,488</u>	<u>961,104</u>	<u>1,022,527</u>	<u>89,276,017</u>	<u>89,121,015</u>
Deferred Outflows of Resources						
Deferred Amounts on Debt Refunding	468,508	600,784			468,508	600,784
Deferred Amounts on Net Pension Liability	6,871,041	1,043,553	-	-	6,871,041	1,043,553
Total Deferred Outflows of Resources	<u>7,339,549</u>	<u>1,644,337</u>	<u>-</u>	<u>-</u>	<u>7,339,549</u>	<u>1,644,337</u>
Total Assets and Deferred Outflows of Resources	<u>95,654,462</u>	<u>89,742,825</u>	<u>961,104</u>	<u>1,022,527</u>	<u>96,615,566</u>	<u>90,765,352</u>
Liabilities						
Current Liabilities	4,353,659	3,373,591	19,408		4,373,067	3,373,591
Noncurrent Liabilities	58,396,164	53,321,168	-	-	58,396,164	53,321,168
Total Liabilities	<u>62,749,823</u>	<u>56,694,759</u>	<u>19,408</u>	<u>-</u>	<u>62,769,231</u>	<u>56,694,759</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			-	1,446	-	1,446
Deferred Amounts on Net Pension Liability	1,333,828	2,789,422	-	-	1,333,828	2,789,422
Total Deferred Inflows of Resources	<u>1,333,828</u>	<u>2,789,422</u>	<u>-</u>	<u>1,446</u>	<u>1,333,828</u>	<u>2,790,868</u>
Total Liabilities and Deferred Inflows of Resources	<u>64,083,651</u>	<u>59,484,181</u>	<u>19,408</u>	<u>1,446</u>	<u>64,103,059</u>	<u>59,485,627</u>
Net Position						
Net Investment in Capital Assets	59,764,596	56,825,142	149,283	182,189	59,913,879	57,007,331
Restricted	10,678,395	12,705,602	-	-	10,678,395	12,705,602
Unrestricted	(38,872,180)	(39,272,100)	792,413	838,892	(38,079,767)	(38,433,208)
Total Net Position	<u>\$ 31,570,811</u>	<u>\$ 30,258,644</u>	<u>\$ 941,696</u>	<u>\$ 1,021,081</u>	<u>\$ 32,512,507</u>	<u>\$ 31,279,725</u>

Governmental activities. Governmental activities increased the District's net position by \$1,312,167. Key elements of this increase are as follows.

CLIFTON BOARD OF EDUCATION

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

Changes in Net Position For the Fiscal Years Ended June 30, 2016 and 2015

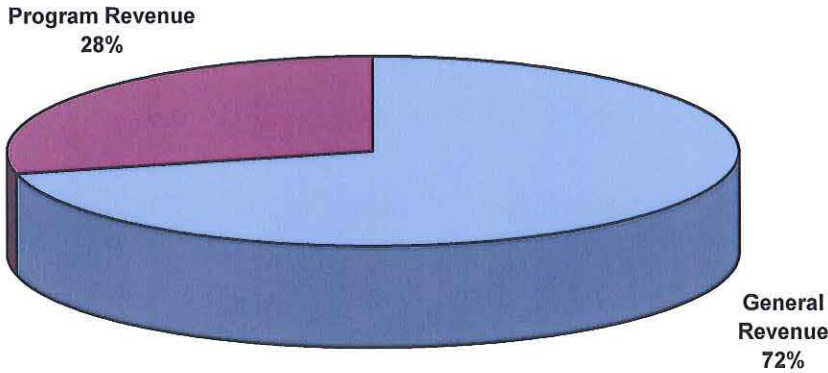
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 288,939	\$ 102,656	\$ 1,865,871	\$ 1,965,308	\$ 2,154,810	\$ 2,067,964
Operating Grants and Contributions	56,755,615	46,092,373	3,077,639	3,063,249	59,833,254	49,155,622
Capital Grants and Contributions	649,771	1,238,641			649,771	1,238,641
General Revenues						
Property Taxes	128,336,184	125,879,099			128,336,184	125,879,099
Unrestricted State Aid	18,410,326	18,620,492			18,410,326	18,620,492
State Aid Restricted for Debt Service	145,357	170,304			145,357	170,304
Other	899,379	844,834	819	(32,571)	900,198	812,263
Total Revenues	<u>205,485,571</u>	<u>192,948,399</u>	<u>4,944,329</u>	<u>4,995,986</u>	<u>210,429,900</u>	<u>197,944,385</u>
Expenses						
Instruction						
Regular	87,810,222	82,872,309			87,810,222	82,872,309
Special	29,888,154	27,741,474			29,888,154	27,741,474
Other Instruction	10,175,218	10,229,725			10,175,218	10,229,725
School Sponsored Activities & Ath.	2,728,975	2,515,645			2,728,975	2,515,645
Support Services						
Student and Instruction Related Serv.	29,051,981	24,638,222			29,051,981	24,638,222
Educational Media/School Library	3,151,339	3,012,399			3,151,339	3,012,399
School Administrative Services	10,369,547	10,119,311			10,369,547	10,119,311
General Administrative Services	2,828,483	2,744,739			2,828,483	2,744,739
Plant Operations and Maintenance	16,395,887	14,955,471			16,395,887	14,955,471
Pupil Transportation	8,348,228	7,670,696			8,348,228	7,670,696
Central Services	2,890,554	2,667,556			2,890,554	2,667,556
Food Service			4,407,804	4,470,841	4,407,804	4,470,841
Other Non-Major			615,910	519,929	615,910	519,929
Interest on Long-Term Debt	534,816	535,980	-	-	534,816	535,980
Total Expenses	<u>204,173,404</u>	<u>189,703,527</u>	<u>5,023,714</u>	<u>4,990,770</u>	<u>209,197,118</u>	<u>194,694,297</u>
Change in Net Position	1,312,167	3,244,872	(79,385)	5,216	1,232,782	3,250,088
Net Position, Beginning of Year	<u>30,258,644</u>	<u>27,013,772</u>	<u>1,021,081</u>	<u>1,015,865</u>	<u>31,279,725</u>	<u>28,029,637</u>
Net Position, End of Year	<u>\$ 31,570,811</u>	<u>\$ 30,258,644</u>	<u>\$ 941,696</u>	<u>\$ 1,021,081</u>	<u>\$ 32,512,507</u>	<u>\$ 31,279,725</u>

CLIFTON BOARD OF EDUCATION

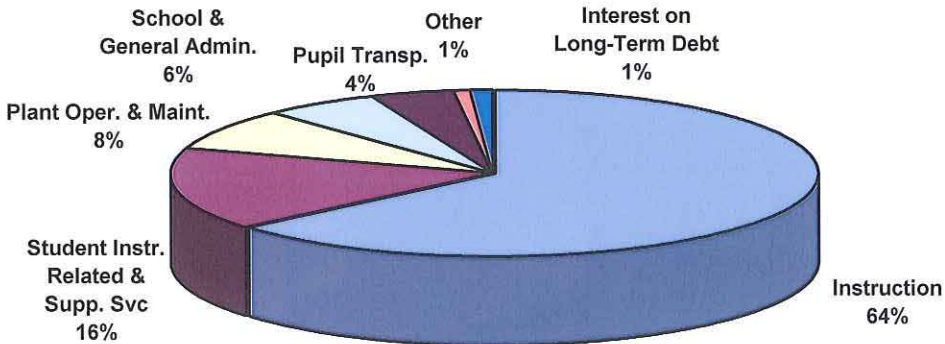
Governmental activities. The District’s total governmental revenues were \$205,485,571. The general revenues included property taxes, interest, unrestricted state aid, state and restricted for debt service and miscellaneous revenue, amounted to \$147,791,246 or 72% of total revenues. Program revenues from state and federal sources and charges for services and sales amounted to \$57,694,325 or 28%.

The District’s total governmental expenses were \$204,173,404 which are predominantly related to instruction and support services. Instruction totaled \$130,602,569 (64%), student support services totaled \$73,036,019 (35%) and interest on long-term debt total \$534,816 (1%) of total expenditures.

Revenue by Type – Governmental Activities
For Fiscal Year 2016



Expenditures by Type- Governmental Activities
For Fiscal Year 2016



CLIFTON BOARD OF EDUCATION

Governmental activities. (Continued)

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2016 and 2015

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Instruction				
Regular	\$ 87,810,222	\$ 82,872,309	\$ 66,574,120	\$ 66,989,772
Special Education	29,888,154	27,741,474	15,721,241	14,682,520
Other Instruction	10,175,218	10,229,725	5,544,970	5,809,997
School Sponsored Activities and Athletics	2,728,975	2,515,645	2,133,176	2,062,970
Support Services				
Student and Instruction Related Svcs.	29,051,981	24,638,222	17,370,521	16,377,641
Educational Media/School Library	3,151,339	3,012,399	2,378,735	2,403,604
General Administrative Services	2,828,483	2,744,739	2,828,483	2,744,739
School Administrative Services	10,369,547	10,119,311	7,664,478	7,966,487
Plant Operations and Maintenance	16,395,887	14,955,471	15,074,561	12,949,710
Pupil Transportation	8,348,228	7,670,696	7,763,424	7,078,881
Central Services	2,890,554	2,667,556	2,890,554	2,667,556
Interest on Long-Term Debt	534,816	535,980	534,816	535,980
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	<u>\$ 204,173,404</u>	<u>\$ 189,703,527</u>	<u>\$ 146,479,079</u>	<u>\$ 142,269,857</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$5,023,714. These costs were funded by operating grants, charges for services and investment earnings. The operations resulted in a decrease in net position of \$79,385.

Major Enterprise Fund

Food Service Program

- Food service revenues were greater than expenses by \$40,494.
- Charges for services represent 31 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

Non-Major Enterprise Funds

Extensions Child Care Program.

- Expenses were greater than revenues by \$119,879.
- 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, unassigned *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 \$13,646,450. At June 30, 2015, the fund balance was \$14,745,741.

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 and other financing sources amounted to \$185,212,733 and expenditures were \$186,312,024.

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, 2016 and 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources	\$ 129,528,799	\$ 126,800,671	\$ 2,728,128	2.15%
State Sources	45,671,252	44,096,324	1,574,928	3.57%
Federal Sources	<u>9,650,682</u>	<u>7,391,717</u>	<u>2,258,965</u>	30.56%
 Total	 <u>\$ 184,850,733</u>	 <u>\$ 178,288,712</u>	 <u>\$ 6,562,021</u>	 3.68%

CLIFTON BOARD OF EDUCATION

The District's Funds (Continued)

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, 2016 and 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Current:				
Instruction	\$ 115,305,497	\$ 112,237,404	\$ 3,068,093	2.73%
Support Services	62,584,332	58,010,919	4,573,413	7.88%
Capital Outlay	4,887,157	6,814,736	(1,927,579)	-28.29%
Debt Service				
Principal	2,988,585	3,377,159	(388,574)	-11.51%
Interest and Other Costs	<u>546,453</u>	<u>699,338</u>	<u>(152,885)</u>	-21.86%
 Total	 <u>\$ 186,312,024</u>	 <u>\$ 181,139,556</u>	 <u>\$ 5,172,468</u>	 2.86%

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 and for students required by IEP's to attend out of district 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 2016 school year.

Capital Assets

At June 30, 2016 the District – Governmental Activities had invested \$70,420,494 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. The following schedule compares to the June 30, 2016 and 2015 balances.

CLIFTON BOARD OF EDUCATION

Capital Assets (Continued)

**Capital Assets as of June 30, 2016 and 2015
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 8,374,289	\$ 8,374,289			\$ 8,374,289	\$ 8,374,289
Land Improvements	1,638,434	1,638,434			1,638,434	1,638,434
Construction in Progress	1,056,799	689,698			1,056,799	689,698
Buildings and Improvements	114,431,271	110,625,560			114,431,271	110,625,560
Machinery, Equipment and Vehicles	<u>8,433,139</u>	<u>8,057,931</u>	<u>\$ 840,544</u>	<u>\$ 827,260</u>	<u>9,273,683</u>	<u>8,885,191</u>
Total	133,933,932	129,385,912	840,544	827,260	134,774,476	130,213,172
Less: Accumulated Depreciation	<u>63,513,438</u>	<u>59,283,858</u>	<u>691,261</u>	<u>645,071</u>	<u>64,204,699</u>	<u>59,928,929</u>
Total	<u>\$ 70,420,494</u>	<u>\$ 70,102,054</u>	<u>\$ 149,283</u>	<u>\$ 182,189</u>	<u>\$ 70,569,777</u>	<u>\$ 70,284,243</u>

Overall capital assets for Governmental Activities increased \$318,440 (net of depreciation) from fiscal year 2015 to fiscal year 2016.

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, 2016, the District had \$58,396,164 of outstanding debt. This debt is comprised of serial bonds for various school improvements, capital leases for the acquisition of student transportation (buses), technology upgrade and improvements, compensated absences and net pension liability.

Long-term Liabilities

**Long-Term Debt
Outstanding Long-Term Liabilities
As of June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
General Obligation Bonds	\$ 9,727,888	\$ 12,149,593
Capital Leases	1,396,518	1,728,103
Compensated Absences Payable	5,517,001	6,257,252
Net Pension Liability	<u>41,754,757</u>	<u>33,186,220</u>
Total	<u>\$ 58,396,164</u>	<u>\$ 53,321,168</u>

CLIFTON BOARD OF EDUCATION

FACTORS BEARING ON THE DISTRICT'S FUTURE

- Capital Needs

During the past three 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, athletic fields, etc. in the district's aging facilities in order to maintain and improve the schools for educational programs. Some of the funds in the capital reserve account is budgeted for withdrawal during 2016-2017 to address some capital projects.

- 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:

Edward Appleton
745 Clifton Avenue
Clifton, New Jersey 07015
Telephone: 973-470-2288
Fax: 973-773-8357
Email: eappleton@cliftonschoools.net

BASIC FINANCIAL STATEMENTS

**CLIFTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 12,000,247	\$ 1,084,897	\$ 13,085,144
Receivables, net			
Receivables from Other Governments	4,782,984	546,324	5,329,308
Other	172,332	94,693	267,025
Internal Balances	938,856	(938,856)	-
Inventory		24,763	24,763
Capital Assets, net			
Not Being Depreciated	9,431,088		9,431,088
Being Depreciated	<u>60,989,406</u>	<u>149,283</u>	<u>61,138,689</u>
 Total Assets	 <u>88,314,913</u>	 <u>961,104</u>	 <u>89,276,017</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	468,508		468,508
Deferred Amounts on Net Pension Liability	<u>6,871,041</u>	<u>-</u>	<u>6,871,041</u>
 Total Deferred Outflows of Resources	 <u>7,339,549</u>	 <u>-</u>	 <u>7,339,549</u>
 Total Assets and Deferred Outflows of Resources	 <u>95,654,462</u>	 <u>961,104</u>	 <u>96,615,566</u>
LIABILITIES			
Accounts Payable and Other Liabilities	4,151,588	19,408	4,170,996
Payable to State Government	96,381		96,381
Accrued Interest Payable	105,690		105,690
Noncurrent Liabilities			
Due within one year	2,893,493		2,893,493
Due beyond one year	<u>55,502,671</u>	<u>-</u>	<u>55,502,671</u>
 Total Liabilities	 <u>62,749,823</u>	 <u>19,408</u>	 <u>62,769,231</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,333,828</u>	<u>-</u>	<u>1,333,828</u>
 Total Deferred Inflows of Resources	 <u>1,333,828</u>	 <u>-</u>	 <u>1,333,828</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>64,083,651</u>	 <u>19,408</u>	 <u>64,103,059</u>
NET POSITION			
Net Investment in Capital Assets	59,764,596	149,283	59,913,879
Restricted for			
Capital Projects	9,117,425		9,117,425
Debt Service	60,970		60,970
Other Purposes	1,500,000		1,500,000
Unrestricted	<u>(38,872,180)</u>	<u>792,413</u>	<u>(38,079,767)</u>
 Total Net Position	 <u>\$ 31,570,811</u>	 <u>\$ 941,696</u>	 <u>\$ 32,512,507</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, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 87,810,222	\$ 212,194	\$ 20,924,670	\$ 99,238	\$ (66,574,120)		\$ (66,574,120)
Special Education	29,888,154	76,745	14,090,168		(15,721,241)		(15,721,241)
Other Instruction	10,175,218		4,630,248		(5,544,970)		(5,544,970)
School Sponsored Activities and Athletics	2,728,975		595,799		(2,133,176)		(2,133,176)
Support Services							
Student and Instruction Related Services	29,051,981		11,681,460		(17,370,521)		(17,370,521)
Educational Media/School Library	3,151,339		772,604		(2,378,735)		(2,378,735)
General Administrative Services	2,828,483				(2,828,483)		(2,828,483)
School Administrative Services	10,369,547		2,705,069		(7,664,478)		(7,664,478)
Plant Operations and Maintenance	16,395,887		770,793	550,533	(15,074,561)		(15,074,561)
Pupil Transportation	8,348,228		584,804		(7,763,424)		(7,763,424)
Central Services	2,890,554				(2,890,554)		(2,890,554)
Interest on Long-Term Debt	534,816	-	-	-	(534,816)	-	(534,816)
Total Governmental Activities	204,173,404	288,939	56,755,615	649,771	(146,479,079)	-	(146,479,079)
Business-Type Activities							
Food Service	4,407,804	1,369,840	3,077,639			\$ 39,675	39,675
Other Non Major	615,910	496,031	-	-	-	(119,879)	(119,879)
Total Business-Type Activities	5,023,714	1,865,871	3,077,639	-	-	(80,204)	(80,204)
Total Primary Government	\$ 209,197,118	\$ 2,154,810	\$ 59,833,254	\$ 649,771	(146,479,079)	(80,204)	(146,559,283)
General Revenues							
Property Taxes, Levied for General Purposes, Net					125,842,752		125,842,752
Taxes Levied for Debt Service					2,493,432		2,493,432
State Aid - Restricted for Debt Service					145,357		145,357
State Aid Unrestricted					18,410,326		18,410,326
Miscellaneous Income					899,379	819	900,198
Total General Revenues					147,791,246	819	147,792,065
Change in Net Position					1,312,167	(79,385)	1,232,782
Net Position, Beginning of Year					30,258,644	1,021,081	31,279,725
Net Position, End of Year					\$ 31,570,811	\$ 941,696	\$ 32,512,507

FUND FINANCIAL STATEMENTS

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 11,272,655		\$ 666,622	\$ 60,970	\$ 12,000,247
Receivables, Net					
Receivables from Other Governments	439,863	\$ 3,117,918	1,225,203		4,782,984
Other	172,267				172,267
Due from Other Funds	2,774,517	-	-	-	2,774,517
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 14,659,302</u>	<u>\$ 3,117,918</u>	<u>\$ 1,891,825</u>	<u>\$ 60,970</u>	<u>\$ 19,730,015</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Accrued Salaries	\$ 2,349,597	\$ 1,185,693	\$ 13,031		\$ 3,548,321
Due to Other Funds		1,812,427	23,169		1,835,596
Payable to State Government		96,381			96,381
Unearned Revenue	-	23,417	579,850	-	603,267
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,349,597</u>	<u>3,117,918</u>	<u>616,050</u>	<u>-</u>	<u>6,083,565</u>
 Fund Balances					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures	250,197				250,197
Capital Reserve	4,291,650				4,291,650
Capital Reserve- Designated for Subsequent Year's Expenditures	3,550,000				3,550,000
Maintenance Reserve	1,000,000				1,000,000
Maintenance Reserve-Designated for Subsequent Year's Expenditures	500,000				500,000
Capital Projects			1,275,775		1,275,775
Debt Service				\$ 60,970	60,970
Committed: Year End Encumbrances	579,811				579,811
Assigned:					
Year End Encumbrances	331,568				331,568
Designated for Subsequent Year's Expenditures	1,500,000				1,500,000
ARRA/SEMI-Designated for Subsequent Year's Expenditures	128,263				128,263
ARRA/SEMI 2013-2014 Cost Settlement Revenue- Designated for Subsequent Year's Expenditures	47,836				47,836
Unassigned:					
General Fund	130,380	-	-	-	130,380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>12,309,705</u>	<u>-</u>	<u>1,275,775</u>	<u>60,970</u>	<u>13,646,450</u>
Total Liabilities and Fund Balances	<u>\$ 14,659,302</u>	<u>\$ 3,117,918</u>	<u>\$ 1,891,825</u>	<u>\$ 60,970</u>	<u>\$ 19,730,015</u>

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balances (Exhibit B-1)	\$ 13,646,450
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$133,933,932 and the accumulated depreciation is \$63,513,438.</p>	70,420,494
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>	468,508
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>	
Deferred Outflows of Resources	\$ 6,871,041
Deferred Inflows of Resources	<u>(1,333,828)</u>
	5,537,213
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>	(105,690)
<p>Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	
Bonds Payable, Including Original Issue Premium	(9,727,888)
Capital Leases Payable	(1,396,518)
Compensated Absences Payable	(5,517,001)
Net Pension Liability	<u>(41,754,757)</u>
	(58,396,164)
Net position of governmental activities (Exhibit A-1)	<u>\$ 31,570,811</u>

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 125,842,752			\$ 2,493,432	\$ 128,336,184
Miscellaneous	1,188,318	\$ 4,297	-	-	1,192,615
Total - Local Sources	127,031,070	4,297		2,493,432	129,528,799
State Sources					
Federal Sources	44,327,127	648,235	\$ 550,533	145,357	45,671,252
	326,166	9,324,516	-	-	9,650,682
Total Revenues	171,684,363	9,977,048	550,533	2,638,789	184,850,733
EXPENDITURES					
Current					
Instruction					
Regular Instruction	76,392,284	576,407			76,968,691
Special Education Instruction	26,229,389	576,777			26,806,166
Other Instruction	6,493,038	2,623,014			9,116,052
School-Sponsored Activities and Athletics	2,414,588				2,414,588
Support Services					
Student and Instruction Related Services	19,899,736	6,101,612			26,001,348
Educational Media/School Library	2,743,656				2,743,656
General Administrative Services	2,724,793				2,724,793
School Administrative Services	8,924,624				8,924,624
Plant Operations and Maintenance	11,682,343				11,682,343
Pupil Transportation	7,787,242				7,787,242
Central Services	2,720,326				2,720,326
Debt Service					
Principal	693,585			2,295,000	2,988,585
Interest and Other Charges	173,067			373,386	546,453
Capital Outlay	3,411,589	99,238	1,376,330	-	4,887,157
Total Expenditures	172,290,260	9,977,048	1,376,330	2,668,386	186,312,024
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	(605,897)	-	(825,797)	(29,597)	(1,461,291)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	362,000	-	-	-	362,000
Total Other Financing Sources and (Uses)	362,000	-	-	-	362,000
Net Change in Fund Balances	(243,897)	-	(825,797)	(29,597)	(1,099,291)
Fund Balance, Beginning of Year	12,553,602	-	2,101,572	90,567	14,745,741
Fund Balance, End of Year	\$ 12,309,705	\$ -	\$ 1,275,775	\$ 60,970	\$ 13,646,450

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, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (1,099,291)**

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	\$ 4,887,157	
Depreciation Expense	<u>(4,461,963)</u>	425,194

In the statement of activities, only the loss/gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. This, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Loss on Disposal of Assets		(106,754)
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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 Lease Proceeds		(362,000)
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In the statement of activities, certain operating expenses - compensated absences and pension expense - are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences	740,251	
Increase in Pension Expense	<u>(1,285,455)</u>	(545,204)

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. This amount is the net effect of these difference in the treatment of long term debt.

Principal Payments-		
Bonds	2,295,000	
Capital Leases	<u>693,585</u>	2,988,585

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Premium	126,705	
Amortization of Deferred Amount on Refunding	<u>(132,276)</u>	(5,571)

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>17,208</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 1,312,167**

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	<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	\$ 1,084,897		\$ 1,084,897
Intergovernmental Receivable			
State	12,925		12,925
Federal	533,399		533,399
Other Receivables	84,093	\$ 10,600	94,693
Inventories	24,763	-	24,763
	<u>1,740,077</u>	<u>10,600</u>	<u>1,750,677</u>
Total Current Assets			
Noncurrent Assets			
Equipment	840,544		840,544
Less: Accumulated Depreciation	(691,261)	-	(691,261)
	<u>149,283</u>	<u>-</u>	<u>149,283</u>
Total Noncurrent Assets			
Total Assets	<u>1,889,360</u>	<u>10,600</u>	<u>1,899,960</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Salaries	18,637	771	19,408
Due to Other Funds	895,464	43,392	938,856
	<u>914,101</u>	<u>44,163</u>	<u>958,264</u>
Total Current Liabilities			
Total Liabilities	<u>914,101</u>	<u>44,163</u>	<u>958,264</u>
NET POSITION			
Investment in Capital Assets	149,283		149,283
Unrestricted (Deficit)	825,976	(33,563)	792,413
	<u>975,259</u>	<u>(33,563)</u>	<u>941,696</u>
Total Net Position	<u>\$ 975,259</u>	<u>\$ (33,563)</u>	<u>\$ 941,696</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, 2016**

	<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		\$ 496,031	\$ 496,031
Daily Sales - Reimbursable	\$ 761,101		761,101
Daily Sales - Nonreimbursable	335,760		335,760
Special Functions - Nonreimbursable	272,979	-	272,979
	<u>1,369,840</u>	<u>496,031</u>	<u>1,865,871</u>
Total Operating Revenues			
OPERATING EXPENSES			
Cost of Sales - Reimbursable	1,414,376		1,414,376
Cost of Sales - Nonreimbursable	193,306		193,306
Salaries and Employee Benefits	1,969,006	563,939	2,532,945
Purchased Services	456,292	715	457,007
Supplies and Materials	296,251	51,256	347,507
Miscellaneous	32,383		32,383
Depreciation	46,190	-	46,190
	<u>4,407,804</u>	<u>615,910</u>	<u>5,023,714</u>
Total Operating Expenses			
Operating Income/(Loss)	<u>(3,037,964)</u>	<u>(119,879)</u>	<u>(3,157,843)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	54,642		54,642
Federal Sources			
School Breakfast Program	359,312		359,312
National School Lunch Program	2,325,806		2,325,806
Child and Adult Food Program	88,557		88,557
After School Snack/ Seamless Summer Options Program	17,727		17,727
Fresh Fruit and Vegetable Program	33,027		33,027
Food Distribution Program - Non Cash Assistance	198,568		198,568
Interest and Investment Revenue	819	-	819
	<u>3,078,458</u>	<u>-</u>	<u>3,078,458</u>
Total Nonoperating Revenues			
Change in Net Position	40,494	(119,879)	(79,385)
Total Net Position, Beginning of Year	<u>934,765</u>	<u>86,316</u>	<u>1,021,081</u>
Total Net Position, End of Year (Deficit)	<u>\$ 975,259</u>	<u>(33,563)</u>	<u>\$ 941,696</u>

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, 2016**

	<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	\$ 1,308,112	\$ 496,031	\$ 1,804,143
Cash Payments for Employees' Salaries and Benefits	(1,969,006)	(563,939)	(2,532,945)
Cash Payments to Suppliers for Goods and Services	<u>(2,170,100)</u>	<u>(50,530)</u>	<u>(2,220,630)</u>
Net Cash Provided by (Used by) Operating Activities	<u>(2,830,994)</u>	<u>(118,438)</u>	<u>(2,949,432)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements	3,510,148		3,510,148
Cash Received from Other Funds	<u>366,851</u>	<u>43,392</u>	<u>410,243</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>3,876,999</u>	<u>43,392</u>	<u>3,920,391</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	<u>(13,284)</u>	<u>-</u>	<u>(13,284)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(13,284)</u>	<u>-</u>	<u>(13,284)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>819</u>	<u>-</u>	<u>819</u>
Net Cash Provided by Investing Activities	<u>819</u>	<u>-</u>	<u>819</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,033,540	(75,046)	958,494
Cash and Cash Equivalents, Beginning of Year	<u>51,357</u>	<u>75,046</u>	<u>126,403</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,084,897</u>	<u>\$ -</u>	<u>\$ 1,084,897</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES			
Operating (Loss)	<u>\$ (3,037,964)</u>	<u>\$ (119,879)</u>	<u>\$ (3,157,843)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities			
Depreciation	46,190		46,190
Food Distribution Program- Non Cash Assistance	198,568		198,568
Change in Assets and Liabilities			
(Increase)/Decrease in Other Accounts Receivable	(61,728)	670	(61,058)
Increase/(Decrease) in Accounts Payable	18,637	771	19,408
Increase/(Decrease) in Deferred Revenue	(1,446)		(1,446)
(Increase)/Decrease in Inventory	<u>6,749</u>	<u>-</u>	<u>6,749</u>
Total Adjustments	<u>206,970</u>	<u>1,441</u>	<u>208,411</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ (2,830,994)</u>	<u>\$ (118,438)</u>	<u>\$ (2,949,432)</u>
NON CASH INVESTING, INVESTING CAPITAL AND FINANCING ACTIVITIES VALUE RECEIVE - FOOD DISTRIBUTION PROGRAM			
	\$ 197,122		

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, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 407,261	\$ 73,152	\$ 1,384,867
Due from Other Funds	<u>-</u>	<u>-</u>	<u>97,441</u>
Total Assets	<u>407,261</u>	<u>73,152</u>	<u>\$ 1,482,308</u>
 LIABILITIES			
Payroll Deductions and Withholdings			\$ 979,827
Accrued Salaries and Wages			417
Due to Other Funds	97,441		65
Due to Student Groups			501,999
Intergovernmental Payable	<u>52,870</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>150,311</u>	<u>-</u>	<u>\$ 1,482,308</u>
 NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 256,950</u>	<u>\$ 73,152</u>	

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, 2016**

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Employees	\$ 260,531	
District	3,050	
Investment Earnings		
Interest	<u>665</u>	\$ <u>46</u>
Total Additions	<u>264,246</u>	<u>46</u>
DEDUCTIONS		
Unemployment Claims and Contributions	<u>292,203</u>	<u>-</u>
Change in Net Position	(27,957)	46
Net Position, Beginning of the Year	<u>284,907</u>	<u>73,106</u>
Net Position, End of the Year	<u>\$ 256,950</u>	<u>\$ 73,152</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 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 2016, the District adopted the following GASB statements as required:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

The 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. Fiduciary funds are excluded from the district-wide financial statements.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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 funds to be major funds. The District considers the food service enterprise fund to be a major fund. The extensions child care program enterprise fund is considered by the District to be a nonmajor fund.

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 *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 fund* accounts for the activities of the District's before and after care program which provides enriching child care.

Additionally, the government reports the following fund types:

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".

Reclassifications

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

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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

When both restricted and unrestricted resources are available for use, it is the Board'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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, Equipment and Vehicles	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 has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 do not permit the accrual of unused sick leave. 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. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. 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. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. 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 including the unamortized bond premium.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

9. 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.

CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance (Continued)*

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.

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.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 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 2D.)

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2E).

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes

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

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

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's 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.

CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2016 that will be appropriated in the adopted 2016/2017 budget certified for taxes.

ARRA/SEMI 2013-2014 Cost Settlement Revenue – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the 2013-2014 SEMI revenue that is unexpended at June 30, 2016 that will be appropriated either by Board resolution into the 2016/2017 budget or in the adopted 2017/2018 budget certified for taxes.

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

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.

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 revenues are 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2014-2015 and 2015-2016 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 Nonoperating 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 funds and of the 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.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$2,601,563. The increase was funded by 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>
Special Revenue Fund			
Instruction			
Purchased Professional/Technical Services	151,407	154,318	(2,911)
Tuition	28,000	30,425	(2,425)
Miscellaneous	12,428	14,507	(2,079)
Support			
Salaries of Supervisors of Instruction	54,060	82,217	(28,157)
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists	52,260	57,182	(4,922)
Salaries of Technology Coordinator	41,950	62,925	(20,975)
Travel	6,923	7,662	(739)
	<u>\$ 347,028</u>	<u>\$ 409,236</u>	<u>\$ 62,208</u>

The above variances were offset with other available resources.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The Extensions Child Care Program Enterprise Fund has a cumulative deficit in net position of \$33,563 as of June 30, 2016. The District expects to eliminate this deficit through normal operations in the 2016/2017 fiscal year.

D. Capital Reserve

A capital reserve account was established by the District. 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, 2016 is as follows:

Balance, July 1, 2015		\$ 9,763,463
Increased by:		
Interest earnings	\$ 17,297	
Unexpended Capital Outlay Funds	72,671	
Deposits Approved by Board Resolution	<u>1,353,719</u>	
		1,443,687
Withdrawals		
Approved in District Budget	<u>3,365,500</u>	
		<u>3,365,500</u>
Balance, June 30, 2016		<u>\$ 7,841,650</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. The District's 2016/2017 budget includes a withdrawal from capital reserve account of \$3,550,000.

E. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Maintenance Reserve (Continued)

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, June 30, 2015	\$ 750,000
Increased by:	
Deposits Approved by Board Resolution	750,000
Balance, June 30, 2016	\$ 1,500,000

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$8,234,661. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. The District's 2016/17 budget includes a withdrawal from the maintenance reserve account of \$500,000.

F. Transfers to Capital Outlay

During the 2015/2016 school year, the district transferred \$209,500 to the non-equipment capital outlay accounts. The transfer was made from various budget accounts to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4 and to fund the pre development costs rendered for capital outlay projects approved in the District's 2016-2017 budget. In addition, there was an increase of \$73,428 to non-equipment capital outlay accounts by the reappropriation of prior year encumbrances.

G. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 restrict 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, 2016 is \$250,197. The total amount of \$250,197 was designated and appropriated in the 2016/2017 original budget certified for taxes.

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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$14,950,424 and bank and brokerage firm balances of the Board's deposits amounted to \$18,423,962. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>18,423,962</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, 2016 the Board's bank balance was not exposed to custodial credit risk.

Investments

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

As of June 30, 2016, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Other Non-Major</u>	<u>Total</u>
Receivables:						
Accounts	\$ 172,267			\$ 84,093	\$ 10,600	\$ 266,960
Intergovernmental						
State	364,308		\$ 1,225,203	12,925		1,602,436
Federal	<u>75,555</u>	<u>\$ 3,117,918</u>	<u>-</u>	<u>533,399</u>	<u>-</u>	<u>3,726,872</u>
Net Total Receivables	<u>\$ 612,130</u>	<u>\$ 3,117,918</u>	<u>\$ 1,225,203</u>	<u>\$ 630,417</u>	<u>\$ 10,600</u>	<u>\$ 5,596,268</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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:

Special Revenue Fund		
Unencumbered Grant Draw Downs	\$	23,417
Capital Projects Fund		
Unrealized School Facilities Grant		<u>579,850</u>
 Total Unearned Revenues for Governmental Funds	 \$	 <u>603,267</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, July 1, 2015	Increases	Decreases	Transfers	Balance, June 30, 2016
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 8,374,289				\$ 8,374,289
Construction in Progress	<u>689,698</u>	\$ 1,056,799	\$ (106,754)	\$ (582,944)	<u>1,056,799</u>
 Total Capital Assets, Not Being Depreciated	 <u>9,063,987</u>	 <u>1,056,799</u>	 <u>(106,754)</u>	 <u>(582,944)</u>	 <u>9,431,088</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,638,434				1,638,434
Building and Building Improvements	110,625,560	3,222,767		582,944	114,431,271
Machinery and Equipment	<u>8,057,931</u>	<u>607,591</u>	<u>(232,383)</u>	<u>-</u>	<u>8,433,139</u>
 Total Capital Assets Being Depreciated	 <u>120,321,925</u>	 <u>3,830,358</u>	 <u>(232,383)</u>	 <u>582,944</u>	 <u>124,502,844</u>
Less Accumulated Depreciation for:					
Land Improvements	(1,179,434)	(37,145)			(1,216,579)
Building and Building Improvements	(51,720,548)	(3,891,682)			(55,612,230)
Machinery and Equipment	<u>(6,383,876)</u>	<u>(533,136)</u>	<u>232,383</u>	<u>-</u>	<u>(6,684,629)</u>
 Total Accumulated Depreciation	 <u>(59,283,858)</u>	 <u>(4,461,963)</u>	 <u>232,383</u>	 <u>-</u>	 <u>(63,513,438)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>61,038,067</u>	 <u>(631,605)</u>	 <u>-</u>	 <u>582,944</u>	 <u>60,989,406</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 70,102,054</u>	 <u>\$ 425,194</u>	 <u>\$ (106,754)</u>	 <u>\$ -</u>	 <u>\$ 70,420,494</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 827,260	\$ 13,284	-	\$ 840,544
Total Capital Assets Being Depreciated	<u>827,260</u>	<u>13,284</u>	<u>-</u>	<u>840,544</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(645,071)	(46,190)	-	(691,261)
Total Accumulated Depreciation	<u>(645,071)</u>	<u>(46,190)</u>	<u>-</u>	<u>(691,261)</u>
Total Capital Assets, Being Depreciated, Net	<u>182,189</u>	<u>(32,906)</u>	<u>-</u>	<u>149,283</u>
Business-Type Activities Capital Assets, Net	<u>\$ 182,189</u>	<u>\$ (32,906)</u>	<u>\$ -</u>	<u>\$ 149,283</u>

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

Governmental activities:

Instruction	
Regular	\$ 104,278
Total Instruction	<u>104,278</u>
Support Services	
Student and instruction related services	106,291
General administration	24,045
School administration	17,528
Operations and maintenance of plant	3,961,478
Student transportation	230,797
Central Services	<u>17,546</u>
Total Support Services	<u>4,357,685</u>
Total depreciation expense - governmental activities	<u>\$ 4,461,963</u>
Business-type activities:	
Food Service Fund	<u>\$ 46,190</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Roof Replacement at school #3	\$ 250,723	\$ 285,617
Roof Replacement at School #16	554,806	294,194
Window Replacement at Schools #14, #16 and Woodrow Wilson Middle School	1,407,901	<u>78,059</u>
		<u>\$ 657,870</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 1,812,427
General Fund	Capital Projects Fund	23,169
General Fund	Food Service Fund	895,464
General Fund	Extensions Child Care Program	43,392
General Fund	Payroll Agency	65
Payroll Agency	Unemployment	<u>97,441</u>
Total		<u>\$ 2,871,958</u>

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

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

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing transportation, utility vehicles and technology upgrades totaling \$3,056,314 under capital leases. The leases are for terms of 3 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Fiscal Year Ending June 30	Governmental Activities
2017	\$ 642,803
2018	559,714
2019	165,608
2020	<u>81,427</u>
Total minimum lease payments	1,449,552
Less: amount representing interest	<u>53,034</u>
Present value of minimum lease payments	<u>\$ 1,396,518</u>

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.

Bonds payable at June 30, 2016 are comprised of the following issues:

\$2,417,000, 2007 Bonds, due in annual installments of \$287,000 through May 1, 2017 interest at 3.875%	\$ 287,000
\$2,812,000, 2012 Refunding Bonds, due in annual installments of \$550,000 through May 1, 2017 interest at 4.00%	550,000
\$7,410,000, 2013 Refunding Bonds, due in annual installments of \$590,000 to \$810,000 through March 1, 2025 interest at 3.00% to 4.00%	6,725,000
\$2,530,000, 2015 Refunding Bonds, due in annual installments of \$810,000 to \$845,000 through December 15, 2017 interest at 1.30%	<u>1,655,000</u>
	<u>\$ 9,217,000</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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</u> <u>Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 2,282,000	\$ 312,144	\$ 2,594,144
2018	1,400,000	250,265	1,650,265
2019	765,000	221,400	986,400
2020	785,000	190,800	975,800
2021	810,000	159,400	969,400
2022-2026	<u>3,175,000</u>	<u>315,400</u>	<u>3,490,400</u>
	<u>\$ 9,217,000</u>	<u>\$ 1,449,409</u>	<u>\$ 10,666,409</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 379,515,425
Less: Net Debt	<u>9,217,000</u>
Remaining Borrowing Power	<u>\$ 370,298,425</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance,</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 11,512,000		\$ 2,295,000	\$ 9,217,000	\$ 2,282,000
Deferred Amounts					
Add: Original Issue Premium	<u>637,593</u>	<u>-</u>	<u>126,705</u>	<u>510,888</u>	<u>-</u>
Total Bonds Payable	12,149,593	-	2,421,705	9,727,888	2,282,000
Capital Leases	1,728,103	\$ 362,000	693,585	1,396,518	611,493
Compensated Absences	6,257,252	19,189	759,440	5,517,001	
Net Pension Liability	<u>33,186,220</u>	<u>10,229,930</u>	<u>1,661,393</u>	<u>41,754,757</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 53,321,168</u>	<u>\$ 10,611,119</u>	<u>\$ 5,536,123</u>	<u>\$ 58,396,164</u>	<u>\$ 2,893,493</u>

The liabilities for compensated absences, capital leases and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Pooled Insurance Program of New Jersey (PIPNJ). The Group is a risk sharing public entity pool, established for the purpose of insuring against various risks.

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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

PIPNJ provide 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 fund is 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>
2016	\$ 3,050	\$ 260,531	\$ 292,203	\$ 256,950
2015		258,633	310,153	284,907
2014		268,684	272,026	335,722

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.

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, 2016, 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, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

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. PERS is a cost sharing multi-employer defined benefit pension plan.

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. TPAF is a cost sharing plan with special funding situations.

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, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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 but are currently suspended as a result of reform legislation.

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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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. 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 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014 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) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 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 fiscal years ended June 30, 2016, 2015 and 2014 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>
2016	\$ 1,661,393	\$ 5,589,800	\$ 57,657
2015	1,444,633	3,673,828	51,251
2014	1,450,940	2,691,972	8,759

For fiscal years 2015/2016 and 2014/2015, the state contributed \$5,589,800 and \$3,673,828, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$2,691,972 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,968,975 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$41,754,757 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .18600 percent, which was an increase of .00875 percent from its proportionate share measured as of June 30, 2014 of .17725 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,946,848 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 996,122	
Changes of Assumptions	4,484,127	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 671,336
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,390,792</u>	<u>662,492</u>
Total	<u>\$ 6,871,041</u>	<u>\$ 1,333,828</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 1,026,458
2018	1,026,458
2019	1,026,458
2020	1,520,887
2021	<u>936,952</u>
	<u>\$ 5,537,213</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$26,224,638 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$429,496,667. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .67953 percent, which was an increase of .0432 percent from its proportionate share measured as of June 30, 2014 of .63633 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit	
Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 510,440,735</u>	<u>\$ 429,496,667</u>	<u>\$ 359,758,509</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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 classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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 paid 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 paid 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 state 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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 includes 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 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 or 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, 2014, OPEB 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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 fiscal years ended June 30, 2016, 2015 and 2014 were \$6,655,907, \$5,832,206 and \$4,413,821, 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.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 125,842,752		\$ 125,842,752	\$ 125,842,752	
Interest Earned on Capital Reserve	8,000		8,000	17,297	\$ 9,297
Tuition				288,939	288,939
Miscellaneous	800,000	-	800,000	882,082	82,082
Sub-Total Local Sources	126,650,752	-	126,650,752	127,031,070	380,318
State Sources					
Special Education Aid	6,592,227		6,592,227	6,592,227	
Equalization Aid	17,684,735		17,684,735	17,684,735	
Security Aid	770,787		770,787	770,787	
Transportation Aid	485,830		485,830	485,830	
Under Adequacy Aid	500,000		500,000	500,000	
PARCC Readiness Aid	112,730		112,730	112,730	
Per Pupil Growth Aid	112,730		112,730	112,730	
Extraordinary Aid	580,000	\$ (43,181)	536,819	536,819	
Nonpublic Transportation Aid				98,970	98,970
On-behalf TPAF Pension Contrib. (Non-budgeted)					
Normal				5,324,564	5,324,564
NCGI				265,236	265,236
Post-Retirement Medical Contribution				6,655,907	6,655,907
Reimbursed TPAF Social Security Contr. (Non-budgeted)	-	-	-	4,968,975	4,968,975
Sub-Total State Sources	26,839,039	(43,181)	26,795,858	44,109,510	17,313,652
Federal Sources					
Medicaid Reimbursement	243,740	-	243,740	326,166	82,426
Sub-Total Federal Sources	243,740	-	243,740	326,166	82,426
Total Revenues	153,733,531	(43,181)	153,690,350	171,466,746	17,776,396
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	2,580,187	(184,365)	2,395,822	2,300,544	95,278
Grades 1-5	16,145,228	9,737	16,154,965	16,154,961	4
Grades 6-8	10,597,934	181,491	10,779,425	10,705,965	73,460
Grades 9-12	13,544,776	(173,696)	13,371,080	13,339,922	31,158
Regular Programs - Home Instruction					
Salaries of Teachers	130,000	(10,630)	119,370	119,369	1
Purchased Professional-Educational Services	50,000	40,000	90,000	56,400	33,600
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	433,401	(218,258)	215,143	198,669	16,474
Purchased Technical Services	454,085	(5,886)	448,199	366,419	81,780
Other Purchased Services	7,000	-	7,000	2,846	4,154
General Supplies	1,998,314	96,794	2,095,108	1,906,069	189,039
Textbooks	348,452	82,427	430,879	337,904	92,975
Total Regular Programs	46,289,377	(182,386)	46,106,991	45,489,068	617,923
Special Education					
Cognitive - Moderate					
Salaries of Teachers	144,735	482	145,217	145,217	-
Other Purchased Services	1,500	-	1,500	302	1,198
General Supplies	657	-	657	593	64
Textbooks	200	-	200	-	200
Total Cognitive - Moderate	147,092	482	147,574	146,112	1,462

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	\$ 2,705,566	\$ (198,592)	\$ 2,506,974	\$ 2,506,974	
Other Salaries for Instruction	1,089,327	73,703	1,163,030	1,153,165	\$ 9,865
General Supplies	10,124	290	10,414	9,532	882
Textbooks	2,704	(1,200)	1,504	325	1,179
	<u>3,807,721</u>	<u>(125,799)</u>	<u>3,681,922</u>	<u>3,669,996</u>	<u>11,926</u>
Behavioral Disabilities					
Salaries of Teachers	611,823	(134,123)	477,700	477,700	-
Other Salaries for Instruction	230,649	(30,744)	199,905	199,905	-
Other Purchased Services	1,210	(200)	1,010	477	533
General Supplies	2,997	1,945	4,942	4,776	166
	<u>846,679</u>	<u>(163,122)</u>	<u>683,557</u>	<u>682,858</u>	<u>699</u>
Multiple Disabilities					
Salaries of Teachers	728,912	(71,283)	657,629	657,628	1
Other Purchased Services	500	200	700	582	118
General Supplies	1,043	-	1,043	963	80
	<u>730,455</u>	<u>(71,083)</u>	<u>659,372</u>	<u>659,173</u>	<u>199</u>
Resource Room/Resource Center					
Salaries of Teachers	4,602,722	412,766	5,015,488	5,014,989	499
General Supplies	8,629	496	9,125	8,662	463
	<u>4,611,351</u>	<u>413,262</u>	<u>5,024,613</u>	<u>5,023,651</u>	<u>962</u>
Autism					
Salaries of Teachers	222,979	68,369	291,348	291,348	-
Other Salaries for Instruction	342,706	37,335	380,041	380,041	-
General Supplies	6,480	1,213	7,693	6,455	1,238
	<u>572,165</u>	<u>106,917</u>	<u>679,082</u>	<u>677,844</u>	<u>1,238</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	1,148,352	(271,137)	877,215	877,215	-
Other Salaries for Instruction	467,170	(127,579)	339,591	339,590	1
Purchased Professional Educational Services	2,181	(800)	1,381	500	881
General Supplies	3,487	3,215	6,702	6,427	275
	<u>1,621,190</u>	<u>(396,301)</u>	<u>1,224,889</u>	<u>1,223,732</u>	<u>1,157</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	-	246,984	246,984	246,984	-
	<u>-</u>	<u>246,984</u>	<u>246,984</u>	<u>246,984</u>	<u>-</u>
Total Special Education					
	<u>12,336,653</u>	<u>11,340</u>	<u>12,347,993</u>	<u>12,330,350</u>	<u>17,643</u>
Basic Skills/Remedial					
Salaries of Teachers	1,940,586	(204,324)	1,736,262	1,735,777	485
General Supplies	5,815	198	6,013	5,571	442
	<u>1,946,401</u>	<u>(204,126)</u>	<u>1,742,275</u>	<u>1,741,348</u>	<u>927</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 2,400,522	\$ (102,595)	\$ 2,297,927	\$ 2,297,926	\$ 1
Other Salaries for Instruction	190,427	-	190,427	190,176	251
Purchased Professional/Educational Services	13,800	(10,000)	3,800	210	3,590
General Supplies	39,300	10,000	49,300	42,831	6,469
Textbooks	27,000	-	27,000	23,256	3,744
Total Bilingual Education	2,671,049	(102,595)	2,568,454	2,554,399	14,055
School Sponsored Co-Curricular Activities					
Salaries	339,741	94,468	434,209	424,222	9,987
Purchased Services	122,600	21,982	144,582	99,143	45,439
Supplies and Materials	47,518	-	47,518	25,694	21,824
Other Objects	20,100	(1,500)	18,600	10,000	8,600
Total School Sponsored Co-Curricular Activities	529,959	114,950	644,909	559,059	85,850
School Sponsored Athletics					
Salaries	939,611	(110,077)	829,534	829,534	-
Purchased Services	98,750	(31,813)	66,937	57,721	9,216
Supplies and Materials	158,950	1,695	160,645	160,645	-
Other Objects	166,890	15,151	182,041	155,416	26,625
Total School Sponsored Athletics	1,364,201	(125,044)	1,239,157	1,203,316	35,841
Total - Instruction	65,137,640	(487,861)	64,649,779	63,877,540	772,239
Undistributed Expenditures					
Instruction					
Tuition Other LEA's Within the State - Regular	99,875	20,000	119,875	113,556	6,319
Tuition Other LEA's Within the State - Special	294,682	(128,000)	166,682	155,071	11,611
Tuition to County Vocational School - Regular	5,942,331	-	5,942,331	5,942,331	-
Tuition to County Vocational School - Special	150,632	47,073	197,705	197,705	-
Tuition to CSSD & Regional Day Schools	819,593	93,000	912,593	897,712	14,881
Tuition for Private Schools for the Disabled - Within State	5,759,134	451,447	6,210,581	6,210,581	-
Out of State	115,499	(85,000)	30,499	30,000	499
Tuition - State Facilities	4,500	-	4,500	4,500	-
Tuition - Other	41,769	(41,000)	769	-	769
Total Undistributed Expenditures - Instruction	13,228,015	357,520	13,585,535	13,551,456	34,079
Attendance and Social Work Services					
Salaries	247,766	17,613	265,379	229,264	36,115
Purchased Professional/Technical Services	27,500	587	28,087	23,889	4,198
Other Purchased Services	100	-	100	-	100
Supplies and Materials	6,500	-	6,500	2,945	3,555
Total Attendance and Social Work Services	281,866	18,200	300,066	256,098	43,968
Health Services					
Salaries	1,771,254	8,185	1,779,439	1,770,318	9,121
Purchased Professional and Technical Services	70,500	7,097	77,597	54,250	23,347
Other Purchased Services	500	-	500	69	431
Supplies and Materials	33,500	(4,000)	29,500	24,041	5,459
Total Health Services	1,875,754	11,282	1,887,036	1,848,678	38,358

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Speech OT/PT and Related Services					
Salaries	\$ 2,061,535	\$ (94,870)	\$ 1,966,665	\$ 1,966,665	
Purchased Professional- Educational Services	498,200	(245,311)	252,889	252,872	\$ 17
Supplies and Materials	6,392	-	6,392	4,554	1,838
Other Objects	-	191	191	190	1
Total Speech, OT/PT & Related Serv.	2,566,127	(339,990)	2,226,137	2,224,281	1,856
Other Support Services - Students Extra Serv.					
Salaries	1,984,941	236,510	2,221,451	2,221,451	-
Purchased Professional/Educational Services	886,233	385,000	1,271,233	1,264,993	6,240
Supplies and Materials	800	-	800	-	800
Other Objects	5,000	-	5,000	-	5,000
Total Other Support Serv. - Students Extra Serv.	2,876,974	621,510	3,498,484	3,486,444	12,040
Guidance					
Salaries of Other Professional Staff	2,750,556	51,500	2,802,056	2,788,422	13,634
Salaries of Secretarial and Clerical Staff	313,901	9,464	323,365	316,491	6,874
Other Salaries	23,900	-	23,900	22,890	1,010
Purchased Professional/Educational Services	-	-	-	-	-
Other Purchased Professional/Technical Services	28,000	-	28,000	22,452	5,548
Other Purchased Services	8,000	-	8,000	1,688	6,312
Supplies and Materials	16,531	-	16,531	11,736	4,795
Total Guidance	3,140,888	60,964	3,201,852	3,163,679	38,173
Child Study Teams					
Salaries of Other Professional Staff	1,874,728	(92,000)	1,782,728	1,773,532	9,196
Salaries of Secretarial and Clerical Staff	59,395	7,000	66,395	46,510	19,885
Purchased Professional/Educational Services	70,000	-	70,000	26,078	43,922
Other Purchased Professional/Technical Services	56,000	(30,000)	26,000	12,638	13,362
Miscellaneous Purchased Services	5,500	-	5,500	3,857	1,643
Supplies and Materials	34,700	3,192	37,892	36,277	1,615
Total Child Study Teams	2,100,323	(111,808)	1,988,515	1,898,892	89,623
Improvement of Instruction Services/					
Salaries of Supervisors of Instruction	563,893	3,000	566,893	566,549	344
Salaries of Secretarial and Clerical Staff	-	40,000	40,000	39,740	260
Purchased Professional/Education Services	150,000	-	150,000	127,345	22,655
Supplies and Materials	10,800	17	10,817	4,320	6,497
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	724,693	43,017	767,710	737,954	29,756
Educational Media Services/School Library					
Salaries	1,500,426	11,556	1,511,982	1,501,396	10,586
Salaries of Technology Coordinators	122,850	2,000	124,850	124,418	432
Purchased Professional/Technical Services	119,900	-	119,900	101,899	18,001
Other Purchased Services	1,000	-	1,000	93	907
Supplies and Materials	191,327	1,838	193,165	170,091	23,074
Total Educational Media Services/School Library	1,935,503	15,394	1,950,897	1,897,897	53,000
Instructional Staff Training Services					
Purchased Professional Educational Services	170,000	-	170,000	166,229	3,771
Total Instructional Staff Training Services	170,000	-	170,000	166,229	3,771

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 671,400	\$ (23,733)	\$ 647,667	\$ 615,287	\$ 32,380
Legal Services	285,000	(51,120)	233,880	181,134	52,746
Audit Fees	68,000	53,500	121,500	57,861	63,639
Other Purchased Professional Services	77,000	(5,500)	71,500	51,629	19,871
Purchased Technical Services	174,810	(67,323)	107,487	105,027	2,460
Communications/Telephone	517,740	(11,560)	506,180	484,289	21,891
BOE Other Purchased Services	5,000	2,500	7,500	7,449	51
Misc. Purchased Services	618,800	136,184	754,984	740,861	14,123
General Supplies	12,000	980	12,980	11,615	1,365
BOE In-House Training/Meeting Supplies	1,300	-	1,300	1,279	21
Miscellaneous Expenditures	4,000	-	4,000	2,979	1,021
BOE Membership Dues and Fees	28,500	-	28,500	26,763	1,737
Total Support Services General Administration	2,463,550	33,928	2,497,478	2,286,173	211,305
School Administration					
Salaries of Principals/Assistant Principals	3,602,978	(56,621)	3,546,357	3,534,550	11,807
Salaries of Other Professional Staff	1,021,986	(122,838)	899,148	881,147	18,001
Salaries of Secretarial and Clerical Assistants	1,273,365	43,599	1,316,964	1,276,658	40,306
Other Salaries	14,578	-	14,578	-	14,578
Purchased Professional and Technical Services	159,691	17,500	177,191	115,760	61,431
Other Purchased Services	20,535	-	20,535	8,961	11,574
Supplies and Materials	164,390	18,859	183,249	141,838	41,411
Other Objects	6,000	-	6,000	-	6,000
Total School Administration	6,263,523	(99,501)	6,164,022	5,958,914	205,108
Central Services					
Salaries	1,007,665	(48,288)	959,377	911,365	48,012
Purchased Technical Services	106,000	-	106,000	63,467	42,533
Miscellaneous Purchased Services	4,500	-	4,500	2,404	2,096
Supplies and Materials	33,000	28	33,028	18,847	14,181
Miscellaneous Expenditures	3,500	-	3,500	3,045	455
Total Central Services	1,154,665	(48,260)	1,106,405	999,128	107,277
Administrative Information Technology					
Salaries	266,850	1,500	268,350	268,157	193
Purchased Technical Services	723,325	(143,383)	579,942	570,741	9,201
Supplies and Materials	67,100	7,726	74,826	41,454	33,372
Total Administrative Information Technology	1,057,275	(134,157)	923,118	880,352	42,766
Required Maintenance for School Facilities					
Salaries	563,587	(34,719)	528,868	528,866	2
Cleaning, Repair and Maintenance Services	305,000	108,041	413,041	299,900	113,141
General Supplies	202,000	53,749	255,749	219,483	36,266
Total Required Maintenance for School Facilities	1,070,587	127,071	1,197,658	1,048,249	149,409

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 4,361,622	\$ 332	\$ 4,361,954	\$ 4,209,306	\$ 152,648
Purchased Professional and Technical Services	291,000	60,748	351,748	279,983	71,765
Cleaning, Repair and Maintenance Services	263,700	(69,500)	194,200	125,741	68,459
Rental of Land/Bldg. Other than Lease Pur.Agrmt.	119,300	-	119,300	119,300	-
Other Purchased Property Services	1,500	2,693	4,193	3,629	564
Insurance	137,004	13,500	150,504	150,008	496
Miscellaneous Purchased Services	28,000	10,000	38,000	33,704	4,296
General Supplies	342,000	(70,665)	271,335	251,618	19,717
Energy (Natural Gas)	1,120,749	(563,072)	557,677	262,096	295,581
Energy (Electricity)	1,211,415	493,630	1,705,045	1,380,281	324,764
Other Objects	25,800	1,530	27,330	11,297	16,033
Total Custodial Services	7,902,090	(120,804)	7,781,286	6,826,963	954,323
Care & Upkeep of Grounds					
Salaries	254,900	2,192	257,092	247,092	10,000
Cleaning, Repair and Maintenance Services	8,000	199	8,199	8,198	1
General Supplies	28,000	-	28,000	8,734	19,266
Total Care & Upkeep of Grounds	290,900	2,391	293,291	264,024	29,267
Student Transportation Services					
Salaries of Non-Instructional Aides	923,681	64,746	988,427	955,052	33,375
Salaries for Pupil Transportation (Between Home and School) - Regular	554,574	196,588	751,162	745,901	5,261
Salaries for Pupil Transportation (Between Home and School) - Special	800,267	(27,187)	773,080	735,018	38,062
Salaries for Pupil Transportation (Other Than Between Home and School)	133,422	39,155	172,577	114,851	57,726
Management Fee - ESC & CTSA Transportation	70,922	27,609	98,531	98,531	-
Other Purchased Professional/Technical Services	25,500	1,226	26,726	24,628	2,098
Cleaning, Repair and Maintenance Services	10,000	-	10,000	1,418	8,582
Lease Purchase Payments - School Buses	354,302	-	354,302	349,379	4,923
Contracted Services-Aid in Lieu of Payments- Non-Public Schools	688,500	(140,000)	548,500	533,558	14,942
Contracted Services (Other than Between Home & School)- Vendors	80,000	-	80,000	63,992	16,008
Contracted Services (Regular Students) - ESCs& CTSA	796,733	180,000	976,733	966,974	9,759
Contracted Services (Spl. Ed. Students) - ESCs& CTSA	1,459,649	44,535	1,504,184	1,487,597	16,587
Miscellaneous Purchased Services - Transportation	42,600	-	42,600	35,581	7,019
Supplies and Materials	250,000	-	250,000	179,260	70,740
Transportation Supplies	40,500	-	40,500	31,400	9,100
Total Student Transportation Services	6,230,650	386,672	6,617,322	6,323,140	294,182

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 1,950,000	\$ 145,403	\$ 2,095,403	\$ 2,095,402	\$ 1
Other Retirement Contributions	1,613,403	127,800	1,741,203	1,719,050	22,153
Unemployment Compensation		3,100	3,100	3,050	50
Workmen's Compensation	758,867	31,100	789,967	789,711	256
Health Benefits	24,783,293	(1,345,579)	23,437,714	23,437,713	1
Tuition Reimbursement	70,000	-	70,000	57,455	12,545
Other Employee Benefits	2,316,558	543,755	2,860,313	2,825,447	34,866
Total Unallocated Benefits	<u>31,492,121</u>	<u>(494,421)</u>	<u>30,997,700</u>	<u>30,927,828</u>	<u>69,872</u>
On-behalf TPAF Pension Contr. (Non-budgeted)					
Normal				5,324,564	(5,324,564)
NCGI				265,236	(265,236)
Post-Retirement Medical Costs				6,655,907	(6,655,907)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	4,968,975	(4,968,975)
Total Undistributed Expenditures	<u>86,825,504</u>	<u>329,008</u>	<u>87,154,512</u>	<u>101,961,061</u>	<u>(14,806,549)</u>
Total Current Expenditures	<u>151,963,144</u>	<u>(158,853)</u>	<u>151,804,291</u>	<u>165,838,601</u>	<u>(14,034,310)</u>
CAPITAL OUTLAY					
Equipment					
Instruction					
Grades 1-5	57,800	(54,590)	3,210	3,210	-
Grades 6-8	40,000	17,847	57,847	33,037	24,810
Grades 9-12	307,000	8,000	315,000	314,756	244
School-Sponsored and Other Instructional Program	36,000	(7,000)	29,000	26,440	2,560
Undistributed Expenditures					
Health Services		5,000	5,000	2,485	2,515
General Administration		27,000	27,000	26,288	712
School Administration	12,895	-	12,895	12,822	73
Required Maintenance of School Facilities		117,422	117,422	34,561	82,861
Non Instructional Equipment					
School Buses - Regular	61,500	(20,000)	41,500	40,688	812
School Buses - Special	34,500	-	34,500	34,500	-
Total Equipment	<u>549,695</u>	<u>93,679</u>	<u>643,374</u>	<u>528,787</u>	<u>114,587</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		404,228	404,228	300,768	103,460
Construction Services	3,365,500	(121,300)	3,244,200	2,591,731	652,469
Assessment for Debt Service on SDA Funding	130,701	-	130,701	130,701	-
Total Facilities Acquis. and Const. Services	<u>3,496,201</u>	<u>282,928</u>	<u>3,779,129</u>	<u>3,023,200</u>	<u>755,929</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY (Continued)					
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures					
Student Transportation	-	-	-	\$ 362,000	\$ (362,000)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	362,000	(362,000)
Interest Deposit to Capital Reserve	\$ 8,000	-	\$ 8,000	-	8,000
Total Capital Outlay	4,053,896	\$ 376,607	4,430,503	3,913,987	516,516
Transfer Funds to Charter School	2,589,652	(51,980)	2,537,672	2,537,672	-
Total Expenditures	158,606,692	165,774	158,772,466	172,290,260	(13,517,794)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,873,161)	(208,955)	(5,082,116)	(823,514)	4,258,602
Other Financing Sources (Uses)					
Capital Leases (Non-Budgeted)	-	-	-	362,000	362,000
Total Other Financing Sources(Uses)	-	-	-	362,000	362,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,873,161)	(208,955)	(5,082,116)	(461,514)	4,620,602
Fund Balances, Beginning of Year	15,834,081	-	15,834,081	15,834,081	-
Fund Balances, End of Year	\$ 10,960,920	\$ (208,955)	\$ 10,751,965	\$ 15,372,567	\$ 4,620,602
Recapitulation					
Restricted Fund Balance					
Excess Surplus- Designated for Subsequent Year's Expenditures				\$ 250,197	
Capital Reserve				4,291,650	
Capital Reserve- Designated for Subsequent Year's Expenditures				3,550,000	
Maintenance Reserve				1,000,000	
Maintenance Reserve- Designated for Subsequent Year's Expenditures				500,000	
Committed Fund Balance					
Year-End Encumbrances				579,811	
Assigned Fund Balance					
Year-End Encumbrances				331,568	
Designated for Subsequent Year's Expenditures				1,500,000	
ARRA/SEMI-Designated for Subsequent Year's Expenditures				128,263	
ARRA/SEMI 2013-2014 Cost Settlement Revenue-Designated for Subsequent Year's Expenditures				47,836	
Unassigned Fund Balance				<u>3,193,242</u>	
Budgetary Fund Balance				15,372,567	
Reconciliation to Governmental Funds statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis			\$ 2,526,043		
Extraordinary Aid not recognized on a GAAP Basis			<u>536,819</u>		
				3,062,862	
Fund Balances Per Governmental Funds (GAAP)				<u>\$ 12,309,705</u>	

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Intergovernmental					
State	\$ 767,050	\$ (22,434)	\$ 744,616	\$ 648,235	\$ (96,381)
Federal	8,561,446	2,430,509	10,991,955	9,324,516	(1,667,439)
Local Sources					
Miscellaneous	-	27,714	27,714	4,297	(23,417)
Total Revenues	<u>9,328,496</u>	<u>2,435,789</u>	<u>11,764,285</u>	<u>9,977,048</u>	<u>(1,787,237)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	2,893,065	205,043	3,098,108	2,804,599	293,509
Other Salaries for Instruction		155,396	155,396	131,800	23,596
Purchased Professional/Technical Services		151,407	151,407	154,318	(2,911)
Purchased Professional/Educational Services		41,289	41,289	21,259	20,030
Purchased Professional Services		-	-	-	-
Other Purchased Services		5,246	5,246	704	4,542
Tuition		28,000	28,000	30,425	(2,425)
General Supplies	30,872	578,301	609,173	524,453	84,720
Miscellaneous Expenditures		12,428	12,428	14,507	(2,079)
Textbooks	57,480	1,961	59,441	56,504	2,937
Total Instruction	<u>2,981,417</u>	<u>1,179,071</u>	<u>4,160,488</u>	<u>3,738,569</u>	<u>421,919</u>
Support Services					
Salaries of Teachers		39,000	39,000		39,000
Salaries of Supervisors of Instruction		54,060	54,060	82,217	(28,157)
Salaries of Principal, Asst. Principals & Directors		117,584	117,584	95,930	21,654
Salaries of Other Professional Staff	2,351,406	(656,119)	1,695,287	1,574,175	121,112
Salaries of Secretarial and Clerical Asst.		242,780	242,780	238,422	4,358
Other Salaries		58,000	58,000	33,803	24,197
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists		52,260	52,260	57,182	(4,922)
Salaries of Literacy/Math Coach		381,170	381,170	332,435	48,735
Salaries of Technology Coordinator		41,950	41,950	62,925	(20,975)
Personal Services- Employee Benefits		1,447,963	1,447,963	1,188,547	259,416
Purchased Prof./Educational Services	140,466	447,397	587,863	287,466	300,397
Purchased Professional/Technical Services	89,492	35,112	124,604	113,457	11,147
Purchased Educational Services - Head Start		961,139	961,139	961,139	-
Other Purchased Professional - Education Services	3,107,477	(3,087,477)	20,000	19,496	504
Other Purchased Professional Services		20,000	20,000	13,238	6,762
Cleaning, Repair and Maintenance Services		300,000	300,000	155,863	144,137
Rentals		200,000	200,000	198,000	2,000
Other Purchased Services	589,206	58,167	647,373	490,273	157,100
Contracted Services (Other Than Between Home and School) - Grant Agreements		1,000	1,000		1,000
Travel		6,923	6,923	7,662	(739)
Miscellaneous Purchased Services		10,000	10,000	4,244	5,756
Supplies and Materials	69,032	329,550	398,582	173,554	225,028
Other Objects	-	11,754	11,754	2,624	9,130
Total Support Services	<u>6,347,079</u>	<u>1,072,213</u>	<u>7,419,292</u>	<u>6,092,652</u>	<u>1,326,640</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	153,101	153,101	145,827	7,274
Non Instructional Equipment	-	31,404	31,404	-	31,404
Total Facilities Acquisition and Construction	<u>-</u>	<u>184,505</u>	<u>184,505</u>	<u>145,827</u>	<u>38,678</u>
Total Expenditures	<u>9,328,496</u>	<u>2,435,789</u>	<u>11,764,285</u>	<u>9,977,048</u>	<u>1,787,237</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CLIFTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	\$ 171,466,746	C-2	\$ 9,977,048
Difference- Budget to GAAP				
State Aid payments and Extraordinary Aid Payment (2014/2015) recognized for GAAP Purposes not recognized for budgetary statements.		3,280,479		
Difference - Budget to GAAP:				
State Aid payments and Extraordinary Aid Payment (2015/2016) recognized for budgetary purposes, not recognized for GAAP statements		(3,062,862)		-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	<u>171,684,363</u>	B-2	<u>\$ 9,977,048</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1	\$ 172,290,260	C-2	\$ 9,977,048
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	<u>\$ 172,290,260</u>	B-2	<u>\$ 9,977,048</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**CLIFTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Fiscal Years *

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.18600 %	0.17725 %	0.18227 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 41,754,757	\$ 33,186,220	\$ 34,837,087
District's Covered-Employee Payroll	\$ 12,507,490	\$ 12,593,399	\$ 12,135,990
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	334%	264%	287%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CLIFTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,661,393	\$ 1,444,633	\$ 1,450,940
Contributions in Relation to the Contractually Required Contributions	<u>1,661,393</u>	<u>1,444,633</u>	<u>1,450,940</u>
Contribution Deficiency (Excess)	-	-	-
District's Covered- Employee Payroll	\$ 12,507,490	\$ 12,593,399	\$ 12,135,990
Contributions as a Percentage of Covered-Employee Payroll	13.28%	11.47%	11.96%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CLIFTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**TEACHERS PENSION AND ANNUITY FUND
Last Three Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	- %	- %	- %
District's Proportionate Share of the Net Pension Liability (Asset)	- %	- %	- %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ <u>429,496,667</u>	\$ <u>340,101,994</u>	\$ <u>318,957,104</u>
Total	\$ <u>429,496,667</u>	\$ <u>340,101,994</u>	\$ <u>318,957,104</u>
District's Covered-Employee Payroll	\$ 70,755,172	\$ 69,759,296	\$ 63,665,771
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CLIFTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms:

None.

Change of Assumptions:

Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

EXHIBIT D-1

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2016**

NOT APPLICABLE

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES
ALLOCATED BY RESOURCE TYPE - ACTUAL
AS OF JUNE 30, 2016**

NOT APPLICABLE

EXHIBIT D-3

**SCHEDULE OF BLENDED EXPENDITURES
BUDGET AND ACTUAL
AS OF JUNE 30, 2016**

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, 2016

	NCLB Title I	NCLB Title II A	NCLB Title III	Total Exhibit E-1 Page 2	Total Exhibit E-1 Page 3	Total Exhibit 2016
REVENUES						
Local Sources				\$ 4,297		\$ 4,297
State Sources					\$ 648,235	648,235
Federal Sources	\$ 2,728,360	\$ 247,492	\$ 169,759	6,178,905	-	9,324,516
Total Revenues	\$ 2,728,360	\$ 247,492	\$ 169,759	\$ 6,183,202	\$ 648,235	\$ 9,977,048
EXPENDITURES						
Instruction						
Salaries of Teachers	\$ 1,932,423	\$ 51,053	\$ 134,348	\$ 682,995		\$ 2,800,819
Other Salaries for Instruction				131,800		131,800
Purchased Professional/Technical Services	45,894			108,424		154,318
Purchased Professional/Educational Services	21,259					21,259
Other Purchased Services				704		704
Tuition				30,425		30,425
General Supplies	24,217		17,773	497,880	\$ 25,992	565,862
Miscellaneous Expenditure				14,507		14,507
Textbooks	-	-	-	-	56,504	56,504
Total Instruction	2,023,793	51,053	152,121	1,466,735	82,496	3,776,198
Support Services						
Salaries of Supervisors of Instruction				82,217		82,217
Salaries of Principal, Asst. Principals & Directors	33,083			62,847		95,930
Salaries of Supervisors of Instruction						
Salaries of Other Professional Staff	50,696			1,523,479		1,574,175
Salaries of Secretarial and Clerical Asst.	33,653			186,665	18,104	238,422
Other Salaries				33,803		33,803
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists				57,182		57,182
Salaries of Literacy/Math Coach	88,227	58,818		189,170		336,215
Salaries of Technology Coordinator		62,925				62,925
Personal Services- Employee Benefits	417,130	38,500		732,917		1,188,547
Purchased Prof./Educational Services	68,823	2,552	17,638	198,453		287,466
Purchased Professional/Technical Services				21,927	91,530	113,457
Purchased Educational Services - Head Start				961,139		961,139
Other Purchased Professional - Education Services				19,496		19,496
Other Purchased Professional Services				13,238		13,238
Cleaning, Repair and Maintenance Services				155,863		155,863
Rentals				198,000		198,000
Other Purchased Services	12,955	33,644		10,992	432,682	490,273
Travel				7,662		7,662
Miscellaneous Purchased Services				4,244		4,244
Supplies and Materials				155,311	23,423	178,734
Other Objects	-	-	-	2,624	-	2,624
Total Support Services	704,567	196,439	17,638	4,617,229	565,739	6,101,612
Facilities Acquisition and Construction						
Instructional Equipment	-	-	-	99,238	-	99,238
Total Facilities Acquisition and Construction	-	-	-	99,238	-	99,238
Total Expenditures	\$ 2,728,360	\$ 247,492	\$ 169,759	\$ 6,183,202	\$ 648,235	\$ 9,977,048

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Local Programs	I.D.E.A.- Part B	I.D.E.A.- Part B- Basic Preschool	Twenty-First Century	Preschool Development - Expansion	Total Exhibit E-1 Page 2
REVENUES						
Local Sources	\$ 4,297					\$ 4,297
State Sources						-
Federal Sources	-	\$ 2,742,509	\$ 79,047	\$ 462,216	\$ 2,895,133	6,178,905
Total Revenues	\$ 4,297	\$ 2,742,509	\$ 79,047	\$ 462,216	\$ 2,895,133	\$ 6,183,202
EXPENDITURES						
Instruction						
Salaries of Teachers		\$ 347,881		\$ 188,064	\$ 147,050	\$ 682,995
Other Salaries for Instruction		131,800				131,800
Purchased Professional/Technical Services		21,417		87,007		108,424
Other Purchased Services					704	704
Tuition		30,425				30,425
General Supplies	\$ 517	45,254		23,973	428,136	497,880
Miscellaneous Expenditures	-	-	-	14,507	-	14,507
Total Instruction	517	576,777	-	313,551	575,890	1,466,735
Support Services						
Salaries of Supervisors of Instruction					82,217	82,217
Salaries of Principal, Asst. Principals & Directors		4,980		57,867		62,847
Salaries of Other Professional Staff		1,315,834	\$ 62,085		145,560	1,523,479
Salaries of Secretarial and Clerical Asst.		135,707		18,390	32,568	186,665
Other Salaries					33,803	33,803
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists					57,182	57,182
Salaries of Literacy/Math Coach	3,780	70,500			114,890	189,170
Personal Services- Employee Benefits		384,190	15,484	22,222	311,021	732,917
Purchased Prof./Educational Services		198,453				198,453
Purchased Professional/Technical Services				21,927	-	21,927
Purchased Educational Services - Head Start					961,139	961,139
Other Purchased Professional - Education Services					19,496	19,496
Other Purchased Professional Services					13,238	13,238
Cleaning, Repair and Maintenance Services					155,863	155,863
Rentals					198,000	198,000
Other Purchased Services				10,992		10,992
Travel				7,662		7,662
Miscellaneous Purchased Services					4,244	4,244
Supplies and Materials		56,068	1478	9,605	88,160	155,311
Other Objects	-	-	-	-	2,624	2,624
Total Support Services	3,780	2,165,732	79,047	148,665	2,220,005	4,617,229
Facilities Acquisition and Construction						
Instructional Equipment	-	-	-	-	99,238	99,238
Total Facilities Acquisition and Construction	-	-	-	-	99,238	99,238
Total Expenditures	\$ 4,297	\$ 2,742,509	\$ 79,047	\$ 462,216	\$ 2,895,133	\$ 6,183,202

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Nonpublic Technology</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Security</u>	<u>Nonpublic ESL</u>	<u>Compensatory Education</u>	<u>Nonpublic Transportation</u>	<u>Supplemental Instruction</u>	<u>Nonpublic Exam. and Class</u>	<u>Nonpublic Corrective Speech</u>	<u>New Jersey Exhibit E-1 Page 3</u>
REVENUES											
Local Sources											
State Sources	\$ 25,992	\$ 91,530	\$ 56,504	\$ 23,423	\$ 26,035	\$ 192,404	\$ 51,333	\$ 41,849	\$ 89,520	\$ 49,645	\$ 648,235
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 25,992</u>	<u>\$ 91,530</u>	<u>\$ 56,504</u>	<u>\$ 23,423</u>	<u>\$ 26,035</u>	<u>\$ 192,404</u>	<u>\$ 51,333</u>	<u>\$ 41,849</u>	<u>\$ 89,520</u>	<u>\$ 49,645</u>	<u>\$ 648,235</u>
EXPENDITURES											
Instruction											
General Supplies	\$ 25,992										\$ 25,992
Textbooks	-	-	\$ 56,504	-	-	-	-	-	-	-	56,504
Total Instruction	<u>25,992</u>	<u>-</u>	<u>56,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,496</u>
Support Services											
Salaries of Secretarial and Clerical Asst.						\$ 18,104					18,104
Purchased Professional and Technical Services		\$ 91,530									91,530
Other Purchased Services					\$ 26,035	174,300	\$ 51,333	\$ 41,849	\$ 89,520	\$ 49,645	432,682
Supplies and Materials	-	-	-	\$ 23,423	-	-	-	-	-	-	23,423
Total Support Services	<u>-</u>	<u>91,530</u>	<u>-</u>	<u>23,423</u>	<u>26,035</u>	<u>192,404</u>	<u>51,333</u>	<u>41,849</u>	<u>89,520</u>	<u>49,645</u>	<u>565,739</u>
Total Expenditures	<u>\$ 25,992</u>	<u>\$ 91,530</u>	<u>\$ 56,504</u>	<u>\$ 23,423</u>	<u>\$ 26,035</u>	<u>\$ 192,404</u>	<u>\$ 51,333</u>	<u>\$ 41,849</u>	<u>\$ 89,520</u>	<u>\$ 49,645</u>	<u>\$ 648,235</u>

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**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2016</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Roof Replacement at School #1 and High School	\$ 1,912,400	\$ 1,599,165		\$ 313,235
Boiler Upgrades at School #14 and #16	1,003,500	638,003	\$ 2,212	363,285
Electrical Upgrades at School #14 and #16	911,750	329,866		581,884
Window Replacement at School #14, #16 and Woodrow Wilson Middle School	2,157,772	191,410	1,374,118	592,244
Video/Security Woodrow Wilson and Christopher Columbus Middle School	330,000	325,023	-	4,977
	<u>\$ 6,315,422</u>	<u>\$ 3,083,467</u>	<u>\$ 1,376,330</u>	<u>\$ 1,855,625</u>
Project Balances				\$ 1,855,625
Less:				
Uncarned SDA Revenue				(579,850)
Fund Balance - GAAP Basis				<u>\$ 1,275,775</u>
<u>Analysis of Balance</u>				
Year End Encumbrances				\$ 174,100
Uncommitted Project Balances				<u>1,101,675</u>
				<u>\$ 1,275,775</u>

**CLIFTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	\$ 15,666
Facilities Acquisition and Construction Services	<u>1,360,664</u>
Total Expenditures	<u>1,376,330</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,376,330)
Fund Balance, July 1, 2015 - Budgetary Basis	<u>3,231,955</u>
Fund Balance, June 30, 2016 - Budgetary Basis	<u>\$ 1,855,625</u>
Reconciliation of Fund Balance - GAAP Basis	
Fund Balance, June 30, 2016 - Budgetary Basis	\$ 1,855,625
Less Unearned Revenue - SDA Grant	<u>(579,850)</u>
Fund Balance, June 30, 2016 - GAAP Basis	<u>\$ 1,275,775</u>

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ROOF REPLACEMENT AT HIGH SCHOOL AND SCHOOL #1
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 716,760		\$ 716,760	\$ 716,760
Local Share- Transfer from Capital Reserve	<u>1,195,640</u>	<u>-</u>	<u>1,195,640</u>	<u>1,195,640</u>
 Total Revenues and Other Financing Sources	 <u>1,912,400</u>	 <u>-</u>	 <u>1,912,400</u>	 <u>1,912,400</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical services	128,547		128,547	299,690
Facilities Acquisition and Construction Services	<u>1,470,618</u>	<u>-</u>	<u>1,470,618</u>	<u>1,612,710</u>
 Total Expenditures and Other Financing Uses	 <u>1,599,165</u>	 <u>-</u>	 <u>1,599,165</u>	 <u>1,912,400</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 313,235</u>	 <u>\$ -</u>	 <u>\$ 313,235</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	0900-080-14-G2XU 0900-030-14-G2LJ
Grant Date	5/28/2014
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,791,900
Additional Appropriation	<u>120,500</u>
Revised Authorized Cost	<u>\$ 1,912,400</u>
Change Order Percentage	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/2014
Revised Target Completion Date	6/30/2015

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT AT SCHOOL #14 AND #16
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 375,000		\$ 375,000	\$ 375,000
Local Share- Transfer from Capital Reserve	628,500	-	628,500	628,500
	<u>1,003,500</u>	<u>-</u>	<u>1,003,500</u>	<u>1,003,500</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical services	71,356		71,356	159,750
Facilities Acquisition and Construction Services	566,647	\$ 2,212	568,859	843,750
	<u>638,003</u>	<u>2,212</u>	<u>640,215</u>	<u>1,003,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 365,497</u>	<u>\$ (2,212)</u>	<u>\$ 363,285</u>	<u>\$ -</u>

Additional Project Information:

Project Number 0900-190-14-G2LN
 0900-210-G2LR

Grant Date 5/28/2014
Bonds Authorization Date N/A
Bonds Authorized N/A
Bonds Issued N/A
Original Authorized Cost \$ 937,500
Additional Appropriation 66,000
Revised Authorized Cost \$ 1,003,500

Change Order Percentage N/A
Percentage Completion 100%
Original Target Completion Date 12/31/2014
Revised Target Completion Date 6/30/2016

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ELECTRICAL UPGRADES AT SCHOOL #14 AND #16
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 337,500		\$ 337,500	\$ 337,500
Local Share- Transfer from Capital Reserve	<u>574,250</u>	<u>-</u>	<u>574,250</u>	<u>574,250</u>
 Total Revenues and Other Financing Sources	 <u>911,750</u>	 <u>-</u>	 <u>911,750</u>	 <u>911,750</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical services	69,616		69,616	152,375
Facilities Acquisition and Construction Services	<u>260,250</u>	<u>-</u>	<u>260,250</u>	<u>759,375</u>
 Total Expenditures and Other Financing Uses	 <u>329,866</u>	 <u>-</u>	 <u>329,866</u>	 <u>911,750</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 581,884</u>	 <u>\$ -</u>	 <u>\$ 581,884</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	0900-210-14G2LS 0900-190-14-G2LO
Grant Date	5/28/2014
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 843,750
Additional Appropriation	<u>68,000</u>
Revised Authorized Cost	<u>\$ 911,750</u>
 Change Order Percentage	 N/A
Percentage Completion	100%
Original Target Completion Date	12/31/2014
Revised Target Completion Date	6/30/2016

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
WINDOW REPLACEMENT AT SCHOOL #14, #16 AND WOODROW WILSON MIDDLE SCHOOL
COLUMBUS MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 802,509		\$ 802,509	\$ 802,509
Local Share- Transfer from Capital Reserve	<u>1,355,263</u>	<u>-</u>	<u>1,355,263</u>	<u>1,355,263</u>
Total Revenues and Other Financing Sources	<u>2,157,772</u>	<u>-</u>	<u>2,157,772</u>	<u>2,157,772</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical services	141,962	\$ 15,666	157,628	352,127
Facilities Acquisition and Construction Services	<u>49,448</u>	<u>1,358,452</u>	<u>1,407,900</u>	<u>1,805,645</u>
Total Expenditures and Other Financing Uses	<u>191,410</u>	<u>1,374,118</u>	<u>1,565,528</u>	<u>2,157,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,966,362</u>	<u>\$ (1,374,118)</u>	<u>\$ 592,244</u>	<u>\$ -</u>

Additional Project Information:

Project Number	0900-070-14-G2LM
	0900-190-14-G2LP
	0900-210-14-G2LQ
Grant Date	5/28/2014
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,006,272
Additional Appropriation	<u>151,500</u>
Revised Authorized Cost	<u>\$ 2,157,772</u>
Change Order Percentage	N/A
Percentage Completion	73%
Original Target Completion Date	12/31/2014
Revised Target Completion Date	6/30/2017

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VIDEO CAMERA/SECURITY UPGRADE AT WOODDROW WILSON AND CHRISTOPHER
COLUMBUS MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 132,000		\$ 132,000	\$ 132,000
Local Share- Transfer from Capital Reserve	198,000	-	198,000	198,000
Total Revenues and Other Financing Sources	<u>330,000</u>	<u>-</u>	<u>330,000</u>	<u>330,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical services	56,866		56,866	33,000
Facilities Acquisition and Construction Services	268,157	-	268,157	297,000
Total Expenditures and Other Financing Uses	<u>325,023</u>	<u>-</u>	<u>325,023</u>	<u>330,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,977</u>	<u>\$ -</u>	<u>\$ 4,977</u>	<u>\$ -</u>

Additional Project Information:

Project Number	0900-070-14-G2LL 0900-035-14-G2LK
Grant Date	5/28/2014
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 330,000
Additional Appropriation	-
Revised Authorized Cost	\$ 330,000
Change Order Percentage	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/2014
Revised Target Completion Date	6/30/2015

PROPRIETARY FUNDS

EXHIBIT G-1

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**CLIFTON BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**CLIFTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 501,999	\$ 882,868	\$ 1,384,867
Due from Other Funds	<u>-</u>	<u>97,441</u>	<u>97,441</u>
Total Assets	<u>\$ 501,999</u>	<u>\$ 980,309</u>	<u>\$ 1,482,308</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 979,827	\$ 979,827
Accrued Salaries and Wages		417	417
Due to Other Funds		65	65
Due to Student Groups	<u>\$ 501,999</u>	<u>-</u>	<u>501,999</u>
Total Liabilities	<u>\$ 501,999</u>	<u>\$ 980,309</u>	<u>\$ 1,482,308</u>

**COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
MIDDLE SCHOOLS				
Woodrow Wilson	\$ 25,572	\$ 168,248	\$ 152,502	\$ 41,318
Christopher Columbus	<u>24,687</u>	<u>26,168</u>	<u>27,137</u>	<u>23,718</u>
Total Middle Schools	<u>50,259</u>	<u>194,416</u>	<u>179,639</u>	<u>65,036</u>
HIGH SCHOOL				
Clifton High School	<u>323,466</u>	<u>387,256</u>	<u>361,381</u>	<u>349,341</u>
OTHER				
Internal Account	81,414	514,049	515,192	80,271
Athletic Account	2,101	64,475	65,116	1,460
Athletic Hall of Fame Acct	<u>3,998</u>	<u>12,870</u>	<u>10,977</u>	<u>5,891</u>
Total Other	<u>87,513</u>	<u>591,394</u>	<u>591,285</u>	<u>87,622</u>
Total All Schools	<u>\$ 461,238</u>	<u>\$ 1,173,066</u>	<u>\$ 1,132,305</u>	<u>\$ 501,999</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Cash Receipt</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Payroll Deductions and Withholdings	\$ 833,310	\$ 42,928,274	\$ 42,781,757	\$ 979,827
Accrued Salaries and Wages	922	58,011,887	58,012,392	417
Due (from)/to Other Funds	<u>(97,326)</u>	<u>5,430,745</u>	<u>5,430,795</u>	<u>(97,376)</u>
Total	<u>\$ 736,906</u>	<u>\$ 106,370,906</u>	<u>\$ 106,224,944</u>	<u>\$ 882,868</u>

LONG-TERM DEBT

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
School Improvements	5/15/2007	\$ 2,417,000	5/1/2017	\$ 287,000	3.875%	\$ 562,000		\$ 275,000	\$ 287,000
Refunding Bonds	1/12/2012	2,812,000	5/1/2017	550,000	4.000%	1,090,000		540,000	550,000
§ Refunding Bonds	6/4/2013	7,410,000	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%	7,330,000		605,000	6,725,000		
Refunding Bonds	3/10/2015	2,525,000	12/15/2016	845,000	1.300%	2,530,000	\$ -	875,000	1,655,000
			12/15/2017	810,000	1.300%				
						<u>\$ 11,512,000</u>	<u>\$ -</u>	<u>\$ 2,295,000</u>	<u>\$ 9,217,000</u>
								Budget Appropriation	<u>\$ 2,295,000</u>
								<u>\$ 2,295,000</u>	

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2015</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2016</u>
2012 Student Transportation- (3) 24 Passenger Buses (3) 54 Passenger Buses (1) Chevy Impala	3.20%	\$ 436,632	\$ 90,169		\$ 90,169	
2013 Student Transportation (3) 54 Passenger Buses and (3) 24 Passenger Buses	2.34%	444,870	179,898		88,969	\$ 90,929
2014 (3) 24 Passenger Buses	2.19%	160,500	103,615		31,895	71,720
2014 (3) 54 Passenger Buses	2.00%	282,375	182,002		56,235	125,767
Technology Upgrade/Improvements	2.70%	1,452,997	881,177		282,642	598,535
2015 (2) 54 Passenger, (2) 20 Passenger and (1) 19 Passenger Buses	2.37%	353,572	291,242		68,771	222,471
2016 (3) 24 Passenger and (2) 54 Passenger Buses	2.00%	362,000	-	\$ 362,000	74,904	287,096
			<u>\$ 1,728,103</u>	<u>\$ 362,000</u>	<u>\$ 693,585</u>	<u>\$ 1,396,518</u>

**CLIFTON BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 2,493,432		\$ 2,493,432	\$ 2,493,432	
State Sources					
Debt Service Aid	<u>145,357</u>	<u>-</u>	<u>145,357</u>	<u>145,357</u>	<u>-</u>
Total Revenues	<u>2,638,789</u>	<u>-</u>	<u>2,638,789</u>	<u>2,638,789</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,255,000	\$ 40,000	2,295,000	2,295,000	
Interest	<u>427,959</u>	<u>(40,000)</u>	<u>387,959</u>	<u>373,386</u>	<u>14,573</u>
Total Expenditures	<u>2,682,959</u>	<u>-</u>	<u>2,682,959</u>	<u>2,668,386</u>	<u>14,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44,170)</u>	<u>-</u>	<u>(44,170)</u>	<u>(29,597)</u>	<u>14,573</u>
Fund Balances, Beginning of Year	<u>90,567</u>	<u>-</u>	<u>90,567</u>	<u>90,567</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 46,397</u>	<u>\$ -</u>	<u>\$ 46,397</u>	<u>\$ 60,970</u>	<u>\$ 14,573</u>
Recapitulation of Fund Balance:					
Restricted					
Designated for Subsequent Year's Budget				\$ 46,397	
Available for Future Debt Service Expenditures				<u>14,573</u>	
				<u>\$ 60,970</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016
Governmental activities										
Net Investment in capital assets	\$ 33,383,517	\$ 39,274,156	\$ 42,503,225	\$ 42,797,060	\$ 42,982,992	\$ 46,050,770	\$ 49,664,750	\$ 51,332,383	\$ 56,825,142	\$ 59,764,596
Restricted	154,001	201,124	251,808	152,608	3,990,856	6,020,388	11,900,580	15,246,242	12,705,602	10,678,395
Unrestricted	861,866	(5,843,568)	(9,502,267)	(7,204,470)	(5,008,334)	(1,042,740)	(1,097,806)	(39,564,853)	(39,272,100)	(38,872,180)
Total governmental activities net position	\$ 34,399,384	\$ 33,631,712	\$ 33,252,766	\$ 35,745,198	\$ 41,965,514	\$ 51,028,418	\$ 60,467,524	\$ 27,013,772	\$ 30,258,644	\$ 31,570,811
Business-type activities										
Net Investment in Capital Assets	\$ 104,352	\$ 100,099	\$ 97,834	\$ 134,696	\$ 118,590	\$ 97,993	\$ 215,922	\$ 219,498	\$ 182,189	\$ 149,283
Unrestricted	144,314	227,909	399,392	685,691	1,058,601	974,466	946,261	796,367	838,892	792,413
Total business-type activities net position	\$ 248,666	\$ 328,008	\$ 497,226	\$ 820,387	\$ 1,177,191	\$ 1,072,459	\$ 1,162,183	\$ 1,015,865	\$ 1,021,081	\$ 941,696
District-wide										
Net Investment in capital assets	\$ 33,487,869	\$ 39,374,255	\$ 42,601,059	\$ 42,931,756	\$ 43,101,582	\$ 46,148,763	\$ 49,880,672	\$ 51,551,881	\$ 57,007,331	\$ 59,913,879
Restricted	154,001	201,124	251,808	152,608	3,990,856	6,020,388	11,900,580	15,246,242	12,705,602	10,678,395
Unrestricted	1,006,180	(5,615,659)	(9,102,875)	(6,518,779)	(3,949,733)	(68,274)	(151,545)	(38,768,486)	(38,433,208)	(38,079,767)
Total district net position	\$ 34,648,050	\$ 33,959,720	\$ 33,749,992	\$ 36,565,585	\$ 43,142,705	\$ 52,100,877	\$ 61,629,707	\$ 28,029,637	\$ 31,279,725	\$ 32,512,507

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".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

	Fiscal Year Ended June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 64,441,197	\$ 67,460,969	\$ 66,490,450	\$ 68,933,131	\$ 66,658,266	\$ 69,187,055	\$ 71,463,155	\$ 74,460,151	\$ 82,872,309	\$ 87,810,222
Special education	19,759,391	22,015,557	22,135,331	22,442,611	21,060,092	22,405,872	24,308,541	24,962,054	27,741,474	29,888,154
Other instruction	6,520,084	6,791,340	7,819,030	8,786,469	8,682,981	8,835,690	8,938,202	9,124,366	10,229,725	10,175,218
School Sponsored Activities and Athletics	1,609,940	1,695,298	1,812,413	1,821,826	1,658,877	1,791,516	1,715,200	2,241,871	2,515,645	2,728,975
Support Services:										
Student & instruction related services	18,833,353	19,633,038	20,445,742	20,266,953	19,998,682	20,505,150	20,938,361	21,805,477	24,638,222	29,051,981
Educational Media/School Library	3,379,492	3,495,426	3,485,013	3,332,302	2,194,043	2,556,649	2,891,497	2,824,930	3,012,399	3,151,339
School Administrative services	8,196,494	8,301,460	8,152,419	8,500,580	8,181,918	7,872,388	8,605,927	9,125,903	10,119,311	10,369,547
General administration	3,100,257	3,376,168	3,092,680	2,888,848	2,744,597	2,694,879	2,793,661	2,768,583	2,744,739	2,828,483
Central Services	2,783,984	2,742,118	2,509,388	2,614,709	2,597,369	2,460,908	2,579,787	2,711,969	2,667,556	2,890,554
Plant operations and maintenance	11,409,353	11,985,653	11,181,780	12,095,275	11,246,507	11,102,076	10,959,361	10,860,152	14,955,471	16,395,887
Pupil transportation	5,929,400	6,744,694	6,836,546	6,518,303	6,590,112	6,520,750	6,723,371	6,250,087	7,670,696	8,348,228
Interest on long-term debt	1,462,769	1,450,344	1,306,716	1,343,236	1,010,561	989,666	968,684	873,173	535,980	534,816
Total governmental activities expenses	147,425,714	155,692,065	155,267,508	159,544,243	152,624,005	156,922,599	162,883,747	168,008,716	189,703,527	204,173,404
Business-type activities:										
Food service	2,759,018	3,200,508	3,401,829	3,624,744	3,720,159	3,981,710	4,212,477	4,665,714	4,470,841	4,407,804
Other Non Major	215,424	243,358	287,938	371,989	242,605	237,165	305,275	430,995	519,929	615,910
Total business-type activities expense	2,974,442	3,443,866	3,689,767	3,996,733	3,962,764	4,218,875	4,517,752	5,096,709	4,990,770	5,023,714
Total district expenses	\$ 150,400,156	\$ 159,135,931	\$ 158,957,275	\$ 163,540,976	\$ 156,586,769	\$ 161,141,474	\$ 167,401,499	\$ 173,105,425	\$ 194,694,297	\$ 209,197,118
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 118,770			\$ 163,840	\$ 218,265				\$ 102,656	\$ 288,939
Operating grants and contributions	30,167,740	\$ 32,559,368	\$ 25,354,325	30,279,308	24,939,721	\$ 26,592,025	\$ 29,870,023	\$ 29,398,684	46,092,373	56,755,615
Capital grants and contributions	-	1,145,327	3,664	50,469	68,178	1,587,105	-	-	1,238,641	649,771
Total governmental activities program revenues	30,286,510	33,704,695	25,357,989	30,493,617	25,226,164	28,179,130	29,870,023	29,398,684	47,433,670	57,694,325

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services										
Food service	\$ 1,663,818	\$ 1,723,341	\$ 1,722,265	\$ 1,738,352	\$ 1,691,304	\$ 1,660,615	\$ 1,673,337	\$ 1,531,120	\$ 1,451,309	\$ 1,369,840
Other Non Major	206,983	231,425	268,838	344,735	265,266	281,594	348,439	449,785	513,999	496,031
Operating grants and contributions	1,251,511	1,542,366	1,843,456	2,205,537	2,358,851	2,390,050	2,584,784	2,967,954	3,063,249	3,077,639
Total business type activities program revenues	3,122,312	3,497,132	3,834,559	4,288,624	4,315,421	4,332,259	4,606,560	4,948,859	5,028,557	4,943,510
Total district program revenues	\$ 33,408,822	\$ 37,201,827	\$ 29,192,548	\$ 34,782,241	\$ 29,541,585	\$ 32,311,389	\$ 34,476,583	\$ 34,347,543	\$ 52,462,227	\$ 62,637,835
Net (Expense)/Revenue										
Governmental activities	\$ (117,139,204)	\$ (121,987,370)	\$ (129,909,519)	\$ (129,050,626)	\$ (127,397,841)	\$ (128,743,469)	\$ (133,013,724)	\$ (138,610,032)	\$ (142,269,857)	\$ (146,479,079)
Business-type activities	147,870	53,266	144,792	291,891	352,657	113,384	88,808	(147,850)	37,787	(80,204)
Total district-wide net expense	\$ (116,991,334)	\$ (121,934,104)	\$ (129,764,727)	\$ (128,758,735)	\$ (127,045,184)	\$ (128,630,085)	\$ (132,924,916)	\$ (138,757,882)	\$ (142,232,070)	\$ (146,559,283)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net and for debt svc	\$ 105,901,654	\$ 109,600,671	\$ 111,747,537	\$ 116,045,650	\$ 117,891,086	\$ 119,728,264	\$ 121,630,815	\$ 123,583,481	\$ 125,879,099	\$ 128,336,184
State Aid restricted for debt service	205,227	202,193	406,440	222,259	184,062	181,134	178,050	174,797	170,304	145,357
Unrestricted grants and contributions	9,335,015	9,842,006	16,188,770	14,534,014	14,999,272	17,005,219	17,777,000	18,131,549	18,620,492	18,410,326
Miscellaneous income	1,976,677	1,580,266	1,207,026	768,389	543,737	1,001,353	2,866,965	1,107,607	811,998	899,379
Transfers	(10,147)	(6,538)	(19,100)	(27,254)	-	3,962	-	-	32,836	-
Total governmental activities	117,408,426	121,218,598	129,530,673	131,543,058	133,618,157	137,919,932	142,452,830	142,997,434	145,514,729	147,791,246
Business-type activities:										
Investment earnings	38,757	19,538	5,326	4,016	4,137	1,312	916	1,532	265	819
Transfers	10,147	6,538	19,100	27,254	-	(3,962)	-	-	(32,836)	-
Total business-type activities	48,904	26,076	24,426	31,270	4,137	(2,650)	916	1,532	(32,571)	819
Total district-wide	\$ 117,457,330	\$ 121,244,674	\$ 129,555,099	\$ 131,574,328	\$ 133,622,294	\$ 137,917,282	\$ 142,453,746	\$ 142,998,966	\$ 145,482,158	\$ 147,792,065
Change in Net Position										
Governmental activities	\$ 269,222	\$ (768,772)	\$ (378,846)	\$ 2,492,432	\$ 6,220,316	\$ 9,176,463	\$ 9,439,106	\$ 4,387,402	\$ 3,244,872	\$ 1,312,167
Business-type activities	196,774	79,342	169,218	323,161	356,794	110,734	89,724	(146,318)	5,216	(79,385)
Total district	\$ 465,996	\$ (689,430)	\$ (209,628)	\$ 2,815,593	\$ 6,577,110	\$ 9,287,197	\$ 9,528,830	\$ 4,241,084	\$ 3,250,088	\$ 1,232,782

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 4,695,990	\$ 1,263,246	\$ 494,618	\$ 1,068,024						
Unreserved	1,190,769	(68,936)	(1,658,837)	(480,504)						
Restricted					\$ 3,990,855	\$ 8,453,827	\$ 14,334,020	\$ 15,581,419	\$ 11,271,321	\$ 9,591,847
Committed										579,811
Assigned					913,999	3,062,633	3,102,293	1,616,132	1,337,218	2,007,667
Unassigned					350,415	(97,438)	(179,677)	(185,926)	(54,937)	130,380
Total general fund	<u>\$ 5,886,759</u>	<u>\$ 1,194,310</u>	<u>\$ (1,164,219)</u>	<u>\$ 587,520</u>	<u>\$ 5,255,269</u>	<u>\$ 11,419,022</u>	<u>\$ 17,256,636</u>	<u>\$ 17,011,625</u>	<u>\$ 12,553,602</u>	<u>\$ 12,309,705</u>
All Other Governmental Funds										
Reserved	\$ 7,112,324	\$ 8,027,449				\$ 33,413	\$ 33,412			
Unreserved	3,244,549	1,466,827	\$ 1,031,298	\$ 192,067						
Restricted					\$ 36,759			\$ 172,484	\$ 2,192,139	\$ 1,336,745
Total all other governmental funds	<u>\$ 10,356,873</u>	<u>\$ 9,494,276</u>	<u>\$ 1,031,298</u>	<u>\$ 192,067</u>	<u>\$ 36,759</u>	<u>\$ 33,413</u>	<u>\$ 33,412</u>	<u>\$ 172,484</u>	<u>\$ 2,192,139</u>	<u>\$ 1,336,745</u>

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 105,901,654	\$ 109,600,671	\$ 111,747,537	\$ 116,045,650	\$ 117,891,086	\$ 119,728,264	\$ 121,630,815	\$ 123,583,481	\$ 125,879,099	\$ 128,336,184
Tuition charges	118,770									
Miscellaneous	1,988,774	1,591,630	1,214,799	942,129	770,467	1,010,802	2,873,405	1,124,621	921,572	1,192,615
State sources	35,447,893	39,254,815	36,726,537	35,351,726	32,289,743	35,518,121	41,057,622	39,819,119	44,096,324	45,671,252
Federal sources	4,244,453	4,482,715	5,218,889	9,724,424	7,955,095	9,837,913	6,761,011	7,868,897	7,391,717	9,650,682
Total revenue	147,701,544	154,929,831	154,907,762	162,063,929	158,906,391	166,095,100	172,322,853	172,396,118	178,288,712	184,850,733
Expenditures										
Instruction										
Regular Instruction	62,838,866	65,563,194	64,804,238	67,689,412	65,867,269	67,724,971	69,933,611	72,745,471	74,988,621	76,968,691
Special education instruction	19,400,811	21,565,864	21,692,493	22,174,058	20,884,571	22,033,373	23,890,871	24,539,059	25,551,110	26,806,166
Other instruction	6,379,107	6,620,191	7,641,460	8,662,716	8,614,069	8,693,757	8,788,560	8,965,936	9,406,688	9,116,052
School sponsored activities and athletics	1,567,473	1,644,348	1,746,555	1,814,006	1,624,714	1,751,843	1,673,254	2,192,473	2,290,985	2,414,588
Support Services:										
Student & inst. related services	18,163,682	18,896,916	19,651,131	19,678,998	19,385,050	19,710,518	20,547,144	21,423,515	22,427,983	26,001,348
Attendance and Social Work	347,125	364,452	365,542	400,291	432,272	434,011	-	-	-	-
Educational Media/School Library	3,293,122	3,391,300	3,384,611	3,302,756	2,170,936	2,506,105	2,835,144	2,760,715	2,710,258	2,743,656
General administration	3,069,522	3,336,929	3,053,296	2,874,942	2,745,594	2,668,180	2,768,775	2,741,718	2,682,265	2,724,793
School administrative services	7,983,474	8,053,398	7,897,822	8,372,555	8,082,098	7,690,891	8,413,140	8,895,512	9,034,587	8,924,624
Central services	2,736,219	2,681,059	2,433,921	2,604,179	2,575,636	2,419,204	2,532,172	2,661,285	2,639,475	2,720,326
Plant operations and maintenance	11,197,551	11,706,754	10,830,205	12,089,328	11,151,601	10,912,454	10,763,418	10,664,928	11,149,236	11,682,343
Pupil transportation	5,850,266	6,645,269	6,690,712	6,516,614	6,546,750	6,440,990	6,641,328	6,152,215	7,367,115	7,787,242
Capital outlay	2,379,097	4,587,880	10,510,316	1,170,321	671,734	3,436,175	4,215,591	6,036,565	6,814,736	4,887,157
Debt service:										
Refunding bond issuance costs						58,685	100,366	-	26,068	
Advance Refunding Escrow						61,170	610,495	-		
Principal	3,829,180	4,108,932	4,050,235	2,923,378	2,916,955	2,999,522	3,031,865	3,370,356	3,377,159	2,988,585
Interest and other charges	1,467,990	1,462,487	1,277,416	1,146,462	1,114,920	974,132	895,237	805,306	673,270	546,453
Total expenditures	150,503,485	160,628,973	166,029,953	161,420,016	154,784,169	160,515,981	167,640,971	173,955,054	181,139,556	186,312,024
Excess (Deficiency) of revenues over (under) expenditures	(2,801,941)	(5,699,142)	(11,122,191)	643,913	4,122,222	5,579,119	4,681,882	(1,558,936)	(2,850,844)	(1,461,291)

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing sources (uses)										
Proceeds from borrowing	\$ 2,417,000									
Capital leases (non-budgeted)	197,228	\$ 150,634	\$ 319,784	\$ 295,849	\$ 390,219	\$ 436,632	\$ 444,870	\$ 1,452,997	\$ 353,572	\$ 362,000
Accrued interest	3,539									
Refunding Bond Proceeds						2,785,000	7,410,000	-	2,530,000	
Premium on Refunding Bonds						167,694	774,861	-		
Payment to refunded bond escrow agent						(2,812,000)	(7,474,000)	-	(2,503,932)	
Transfers in	251,676	616,819	52,356	571,829	159,574	49,824	-	445,000	3,539,489	
Transfers out	(261,823)	(623,357)	(71,456)	(599,083)	(159,574)	(45,862)	-	(445,000)	(3,506,653)	-
Total other financing sources (uses)	2,607,620	144,096	300,684	268,595	390,219	581,288	1,155,731	1,452,997	412,476	362,000
Net change in fund balances	\$ (194,321)	\$ (5,555,046)	\$ (10,821,507)	\$ 912,508	\$ 4,512,441	\$ 6,160,407	\$ 5,837,613	\$ (105,939)	\$ (2,438,368)	\$ (1,099,291)
Debt service as a percentage of noncapital expenditures	3.58%	3.57%	3.43%	2.54%	2.62%	2.53%	2.40%	2.49%	2.32%	1.95%

* Noncapital expenditures are total expenditures less capital outlay.

**CLIFTON BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL 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>
	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
101	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
	2014	27,469	13,001	174,495	29,973	513,421		191,376	148,602	1,098,337
	2015	29,134	8,723	160,789	186,372		102,656	197,792	225,437	910,903
	2016	44,110	5,371	173,987	303,452		288,939	216,799	155,660	1,188,318

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 Equalized) Value	Total Direct School Tax Rate ^a
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	3,746,058,100		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	5,280,825,500	8,525,158	5,289,350,658	9,795,029,000	2.300
2013	40,759,600	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
2014	38,276,900	3,759,934,300		304,200	811,607,300	599,812,900	138,806,600	5,348,742,200	6,824,144	5,355,566,344	9,877,196,508	2.351
2015	39,415,500	3,772,378,500	292,100	12,100	813,665,200	577,381,000	139,836,800	5,342,981,200	7,174,308	5,350,155,508	9,558,441,489	2.399
2016	37,157,800	3,781,163,700	292,100	12,100	808,070,700	561,400,300	140,877,500	5,328,974,200	7,388,909	5,336,363,109	-	2.452

102 Source: County Abstract of Ratables

^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)

Overlapping Rates

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Municipality</u>	<u>County</u>	<u>Total Direct and Overlapping Tax Rate</u>
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
2014	2.351	1.463	1.292	5.106
2015	2.399	1.458	1.352	5.209
2016	2.452	1.486	1.322	5.260

Source: County Abstract of Ratables

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

Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman La Roche	\$ 66,727,200	1.25%
201 Main Ave LLC	48,877,300	0.92%
Castleton Assoc. LLC	40,501,500	0.76%
GI TC Peekay Drive LLC	37,000,000	0.70%
Clifton Commons, LLC	33,509,800	0.63%
Public Service	31,977,300	0.60%
Country Club Towers I & II LLC	23,531,900	0.44%
Clifton Lifestyle Ctr LLC	21,802,500	0.41%
Exelis Inc (ITT)	20,322,900	0.38%
Styertowne Shopping Center	19,678,800	0.37%
	\$ 343,929,200	6.45%

	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman La Roche	\$ 132,089,200	2.50%
Clifton Commons, LLC	40,863,500	0.77%
Castleton Assoc. LLC	35,026,800	0.66%
Morris Clifton Assoc. LLC	34,350,000	0.65%
Public Service	32,424,300	0.61%
Country Club Towers I & II LLC	23,471,900	0.44%
ITT Industries Inc.	23,000,000	0.44%
Styertowne Shopping Center	19,527,600	0.37%
Clifpass Development	16,680,000	0.32%
Reckson Operating Part LP	15,272,700	0.29%
	\$ 372,706,000	7.06%

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	
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%	-
2014	123,583,481	123,583,481	100.00%	-
2015	125,879,099	125,879,099	100.00%	-
2016	128,336,184	128,336,184	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			
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	84,226	303
2011	22,293,000	697,037	22,990,037	84,877	271
2012	19,591,000	809,147	20,400,147	85,058	240
2013	16,872,000	877,152	17,749,152	85,541	207
2014	14,122,000	1,709,793	15,831,793	86,086	184
2015	11,512,000	1,728,103	13,240,103	86,334	153
2016	9,217,000	1,396,518	10,613,518	86,334 *	123

Source: District records

* Estimate

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			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	263
2012	19,591,000	33,413	19,557,587	0.37%	230
2013	16,872,000	33,412	16,838,588	0.32%	197
2014	14,122,000	44,170	14,077,830	0.26%	164
2015	11,512,000	90,567	11,421,433	0.21%	132
2016	9,217,000	60,970	9,156,030	0.17%	106

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, 2015
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Board of Education	\$ 10,637,000	\$ 10,637,000	
City	<u>108,441,805</u>	<u>24,434,447</u>	<u>\$ 84,007,358</u>
	<u>\$ 119,078,805</u>	<u>\$ 35,071,447</u>	84,007,358
Overlapping Debt Apportioned to the Municipality:			
Passaic County:			
County of Passaic (A)			72,548,614
Passaic County Utilities Authority- Solid Waste (A)			11,596,971
Passaic Valley Sewerage Commission (B)			14,737,727
Passaic Valley Water Commission (C)			17,032,085
North Jersey District Water Supply Commission (B)			<u>1,726,268</u>
 Total Direct and Overlapping Debt			 <u>\$ 201,649,023</u>

Source:

(1) City's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to the City by dividing the municipality's 2015 equalized value by the total 2015 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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 320,791,932	\$ 406,901,847	\$ 435,569,120	\$ 438,582,493	\$ 426,755,589	\$ 406,618,635	\$ 389,117,194	\$ 381,860,555	\$ 378,780,883	\$ 379,515,425
Total net debt applicable to limit	<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>	<u>14,122,000</u>	<u>11,512,000</u>	<u>9,217,000</u>
Legal debt margin	<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>	<u>\$ 367,738,555</u>	<u>\$ 367,268,883</u>	<u>\$ 370,298,425</u>
601 Total net debt applicable to the limit as a percentage of debt limit	11.29%	7.71%	6.35%	5.69%	5.22%	4.82%	4.34%	3.70%	3.04%	2.43%

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
	2016 \$ 9,331,088,369
	2015 9,448,405,229
	2014 <u>9,684,163,291</u>
	<u>\$ 28,463,656,889</u>
Average equalized valuation of taxable property	\$ 9,487,885,630
Debt limit (4 % of average equalization value)	379,515,425
Total Net Debt Applicable to Limit	<u>9,217,000</u>
Legal debt margin	<u>\$ 370,298,425</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>
2007	77,762	\$ 38,897	4.7%
2008	77,811	39,907	6.0%
2009	78,224	38,932	7.4%
2010	84,226	39,807	10.2%
2011	84,877	41,371	7.4%
2012	85,058	41,824	10.1%
2013	85,541	41,857	8.8%
2014	86,086	43,687	6.9%
2015	86,334	N/A	5.8%
2016	86,334	N/A	N/A

Source: New Jersey State Department of Labor and Workforce Development

N/A - Not Available

* Estimate

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

<u>Employer</u>	<u>2016</u>		<u>2007</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)**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	657	665	684	659	642	665	682	693	703	705
Special education	134	143	135	120	121	131	143	150	152	160
Other special education	62	50	50	52	60	59	146	160	168	177
Vocational										
Other instruction	61	61	11	13	27	24	22	26	23	24
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	163	163	166	166	152	162	177	177	186	182
General administration	9	9	10	8	8	7	7	7	7	7
School administrative services	76	76	76	78	73	70	72	77	78	70
Other administrative services										
Central services	17	17	17	16	15	15	18	18	17	17
Administrative Information Technology	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	100	100	98	98	96	94	94	98	96	98
Pupil transportation	44	42	44	47	47	47	47	47	47	46
Other support services	33	33	43	55	62	72	24	24	24	24
Food Service	22	22	21	15	14	13	10	10	7	7
Total	<u>1,381</u>	<u>1,384</u>	<u>1,358</u>	<u>1,330</u>	<u>1,320</u>	<u>1,362</u>	<u>1,445</u>	<u>1,490</u>	<u>1,511</u>	<u>1,520</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio			Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School					
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	-0.04%	95.03%
2013	10,918	158,787,417	14,544	3.96%	825	13.40	12.11	13.88	10,918	10,344	-0.16%	94.74%
2014	10,854	163,742,827	15,086	3.73%	843	12.87	12.00	13.66	10,854	10,298	-0.59%	94.88%
2015	10,851	170,248,323	15,690	4.00%	855	12.85	10.90	12.00	10,391	9,856	-4.27%	94.85%
2016	10,867	177,889,829	16,370	4.33%	865	12.66	10.86	14.10	10,840	10,265	4.32%	94.70%

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)**

	2007	2008	2009	2010	2012	2013	2014	2015	2016
<u>District Building</u>									
<u>Elementary</u>									
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	274	281	277	290	300	307	297	301	308
School No. 2 (1930)									
Square Feet	60,660	60,660	60,660	60,660	60,660	60,600	60,600	60,600	60,600
Capacity (students)	339	339	339	339	339	339	339	339	339
Enrollment ^a	357	355	389	428	430	419	432	439	436
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	256	269	273	285	300	319	312	292	291
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	172	174	158	151	157	165	174	168	179
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	330	340	342	367	368	376	365	384	382
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	188	198	202	219	220	232	226	217	220
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	273	274	288	309	333	342	345	325	315
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	422	445	464	469	450	461	482	500	471
School No. 12 (1910)									
Square Feet	69,696	69,696	69,969	69,969	69,969	69,969	69,969	69,969	69,969
Capacity (students)	441	441	411	411	411	411	411	411	411
Enrollment	609	581	577	585	594	664	668	661	541

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

	2007	2008	2009	2010	2012	2013	2014	2015	2016
<u>District Building (Continued)</u>									
<u>Elementary (Continued)</u>									
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	382	400	424	440	463	440	475	462	480
School No. 14 (1953)									
Square Feet	39,815	39,815	39,815	39,815	47,915	47,915	47,915	47,915	47,915
Capacity (students)	267	267	267	267	267	267	267	267	267
Enrollment	269	279	293	38	346	339	332	348	373
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	320	347	332	345	347	361	362	364	363
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	231	239	245	235	207	214	225	249	217
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	514	527	532	554	561	552	593	600	629
<u>Middle School</u>									
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	1,221	1,238	1,193	1,153	1,216	1,201	1,173	1,152	1,197
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	1,187	1,154	1,224	1,303	1,346	1,295	1,263	1,218	1,205
<u>High School</u>									
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	3,346	3,423	3,239	2,819	3,299	3,235	3,130	2,712	3,001

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

	2007	2008	2009	2010	2012	2013	2014	2015	2016
<u>Other</u>									
Administration Building Square Feet	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
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, 2016									
Elementary									14
Middle School									2
Senior High School									1

Source: District Records

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

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
SCHOOL FACILITIES	PROJECT #										
Board of Education Building		\$ 23,157	\$ 47,450	\$ 42,994	\$ 41,155	\$ 27,053	\$ 36,082	\$ 29,801	\$ 26,843	\$ 21,398	\$ 28,309
Clifton Stadium			51,559	31,604	20,398	9,593	12,088	4,845	6,283	1,420	12,655
Transportation		10,209	31,990	30,385	26,443	24,657	20,918	28,127	20,164	19,862	26,754
Clifton High School	N/A	322,251	311,069	308,167	222,784	244,797	246,740	258,469	222,711	199,160	240,603
Clifton High School Annex						49,378	40,656	51,734	52,144	37,077	49,418
Woodrow Wilson Middle School	N/A	141,714	141,223	104,258	117,121	98,474	90,294	106,304	103,273	97,673	106,352
Christopher Columbus Middle School	N/A	114,979	115,536	118,698	84,449	78,121	74,594	92,079	64,681	76,951	86,894
School No. 1	N/A	38,920	33,037	35,471	24,513	30,459	20,204	23,676	21,650	30,719	22,616
School No. 2	N/A	61,185	58,220	51,582	49,520	37,714	36,972	45,171	40,140	35,699	42,824
School No. 3	N/A	49,094	47,843	45,384	41,583	34,318	31,742	35,862	29,390	41,882	32,711
School No. 4	N/A	29,245	23,074	23,860	20,380	24,938	13,384	15,801	21,752	18,632	15,094
School No. 5	N/A	52,160	49,159	41,618	42,630	35,675	32,441	37,600	29,828	37,791	35,048
School No. 8	N/A	35,206	27,983	28,622	23,242	18,283	48,389	20,568	18,718	27,195	19,647
School No. 9	N/A	54,720	47,676	45,470	36,627	33,187	35,456	38,597	31,811	28,221	36,869
School No. 11	N/A	62,025	50,968	58,837	44,086	38,550	35,100	42,086	34,458	34,960	40,201
School No. 12	N/A	62,613	72,111	53,797	49,556	45,418	39,032	51,509	46,535	42,060	54,574
School No. 12 Annex	N/A	8,455	9,814	8,396	62,488	-					
School No. 13	N/A	53,559	57,641	55,918	52,299	49,122	39,400	38,771	30,839	27,396	37,035
School No. 14	N/A	45,890	40,390	35,097	30,573	24,019	21,246	35,668	27,598	33,094	33,826
School No. 15	N/A	43,887	33,620	37,375	26,245	23,255	24,042	22,068	19,564	18,996	29,929
School No. 16	N/A	46,302	44,890	39,429	35,156	34,332	31,292	27,859	26,952	21,572	26,611
School No. 17	N/A	118,746	123,687	108,406	86,965	79,686	73,022	69,103	76,836	68,007	70,279
GRAND TOTAL		<u>\$ 1,374,317</u>	<u>\$ 1,418,940</u>	<u>\$ 1,305,368</u>	<u>\$ 1,138,213</u>	<u>\$ 1,041,029</u>	<u>\$ 1,003,094</u>	<u>\$ 1,075,698</u>	<u>\$ 952,170</u>	<u>\$ 919,765</u>	<u>\$ 1,048,249</u>

Source: District Records

**CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2016**

	<u>Coverage</u>	<u>Deductible</u>
Package Policy - Zurich Insurance Company		
Policy CPO370159801		
<u>Property and Casualty</u>		
Building & Contents Including Equipment Breakdown	\$ 257,211,973	\$ 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	500,000
Commercial Automobile	1,000,000	
Comprehensive & Collision		1,000
 <u>Commercial Umbrella- American Alternative Ins. Co.</u>	 Limit	 Retention
<u>Policy 60A2UB000100401</u>	9,000,000	10,000
 <u>Excess Liability- Fireman's Fund</u>	 50,000,000	 10,000
<u>Policy SHX-000-6940-1388</u>		
 <u>School Board Legal Liability E&O - Darwin National Assurance</u>	 Limit	 Deductible
<u>Policy - 0202-0852</u>	1,000,000	25,000
<u>Employment Practices Liability</u>	1,000,000	75,000
 <u>Public Official Bonds-Hartford Fidelity Bonding</u>		
13BSBBD0888 Raymond Jacobus - Treasurer	575,000	N/A
13BSBBU3973 Karen Perkins - BA/BS	10,000	N/A
13BSBBU3966 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, 2016
(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	1,250
Contents	25,000	1,250
<u>Flood - FEMA</u>		
<i>National Flood Insurance Program</i>		
<i>Policy - 2031428846</i>		
Christopher Columbus Middle School - Building	266,200	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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, 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
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, 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, 2016 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 15, 2016.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we consider to be significant deficiencies.

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 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 and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002.


We also noted certain matters that are not required to be reported under Government Auditing Standards 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 15, 2016.

Clifton Board of Education's Responses to Findings

The Clifton Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Clifton Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 15, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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SHERYL M. NICOLSI, CPA
ROBERT AMPONSAH, 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 THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

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) Compliance Supplement and the New Jersey OMB Circular 15-08 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, 2016. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance 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; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular 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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2016-003. Our opinion on each major federal and state program is not modified with respect to these matters.

The Clifton Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Clifton Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the 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 the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-003 that we consider to be a significant deficiency.

The Clifton Board of Education's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Clifton Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

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, 2016 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 15, 2016, which contained unmodified opinions on those financial statements. 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 the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 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 15, 2016

CLIFTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2015	A/R Carryover Amount	Unearned Revenue Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment (1)	Balance, June 30, 2016			MEMO GAAP Receivable
												(Accounts Receivable)	Unearned Revenue	Due to Grantor	
General Fund															
U.S. Department of Health & Human Services- Passed-Through State Dept. of Education															
Special Education Medicaid Initiative	93.778	1605NJ5MAP	N/A	7/1/14-6/30/15	\$ 326,166	\$ (161,772)	-	-	\$ 250,611	\$ 326,166	-	\$ (75,555)	-	-	\$ (75,555)
Special Education Medicaid Initiative	93.778		N/A	7/1/14-6/30/15	439,227			161,772							
Total General Fund						(161,772)	-	-	412,383	326,166	-	(75,555)	-	-	(75,555)
U.S. Department of Agriculture															
Passed-Through State Dept. of Education															
Food Distribution Program - Non Cash Assistance	10.555	16161NJ304N1099	N/A	7/1/14-6/30/16	200,316	1,446				1,446					
Food Distribution Program - Non Cash Assistance	10.555		N/A	7/1/15-6/30/16	197,122			197,122	197,122						
School Breakfast Program	10.553		N/A	7/1/14-6/30/15	356,218	(149,833)			149,833						
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	359,312			359,312	359,312			(67,469)			(67,469)
National School Lunch Program	10.555		N/A	7/1/14-6/30/15	2,343,990	(982,459)			982,459						
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	2,325,806			1,899,529	2,325,806			(426,277)			(426,277)
After School Snacks	10.555		N/A	7/1/14-6/30/15	17,459	(6,333)			6,333						
After School Snacks	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	17,727			14,133	17,727			(3,594)			(3,594)
Total Child Nutrition Cluster										2,901,413					
Child and Adult Food Program	10.558		N/A	7/1/14-6/30/15	69,330	(12,087)			12,087						
Child and Adult Food Program	10.558	16161NJ304N1099	N/A	7/1/15-6/30/16	88,557			61,404	88,557			(27,153)			(27,153)
Fresh Fruits and Vegetable Program	10.582		N/A	7/1/14-6/30/15	26,495	(5,670)			5,670						
Fresh Fruits and Vegetable Program	10.582	16161NJ304L1603	N/A	7/1/15-6/30/16	33,027			24,121	33,027			(8,906)			(8,906)
Total Enterprise Funds						(1,154,936)	-	-	3,644,534	3,022,997	-	(533,399)	-	-	(533,399)
U.S. Department of Education															
Passed-Through State Dept. of Education															
I.D.E.A. Part B, Basic	84.027	H027A150100	FT-1100-16	7/1/15-6/30/16	2,810,440		\$ (480,137)	\$ 480,137	1,426,193	2,742,509		(1,864,384)	\$ 548,068		(1,316,316)
I.D.E.A. Part B, Basic	84.027		FT-1100-15	7/1/14-6/30/15	2,687,389	(2,945,987)	480,137	(480,137)	2,945,987						
I.D.E.A. Part B, Preschool	84.173	H173A150114	PS-1100-16	7/1/15-6/30/16	82,487		(78,971)	78,971	34,147	79,047		(127,311)	82,411		(44,900)
I.D.E.A. Part B, Preschool	84.173		PS-1100-15	7/1/14-6/30/15	78,971	(78,227)	78,971	(78,971)	78,227						
Total Special Education Cluster (IDEA)										2,821,556					
Twenty-First Century	84.287C	S287C150030		9/1/15-8/31/16	534,585				236,843	408,448		(297,742)	126,137		(171,605)
Twenty-First Century	84.287C			9/1/14-8/31/15	499,833	(135,683)			197,863	53,768	\$ (8,412)				
Total Twenty-First Century Cluster										462,216					
NCLB Title I	84.010A	S010A150030	NCLBCV-110016	7/1/15-6/30/16	3,029,108		(117,369)	\$ 117,369	1,312,857	2,728,360		(1,833,620)	418,117		(1,415,503)
NCLB Title I	84.010A		NCLBCV-110015	7/1/14-6/30/15	2,599,934	(2,655,012)	117,369	(117,369)	2,654,983		29				
NCLB Title II, Part A	84.367A	S367A150029	NCLBCV-110016	7/1/15-6/30/16	299,259		(24,293)	24,293	114,241	247,492		(209,311)	76,060		(133,251)
NCLB Title II, Part A	84.367A		NCLBCV-110015	7/1/14-6/30/15	303,839	(354,601)	24,293	(24,293)	354,602		(1)				
NCLB Title III	84.365A	S365A150030	NCLBCV-110016	7/1/15-6/30/16	156,179		(150,952)	150,952	124,625	169,759		(182,506)	137,372		(45,134)
NCLB Title III	84.365A		NCLBCV-110015	7/1/14-6/30/15	165,254	(95,660)	150,952	(150,952)	95,660						
Race to the Top	84.413A			9/1/11-11/30/15	248,113	(105,043)			105,043						
Preschool Expansion Aid	84.419B	S419B150020		7/1/15-6/30/16	3,107,477				2,903,924	2,895,133		(203,553)	212,344		8,791
Carl D. Perkins	84.243A		PERK219016	7/1/15-6/30/16	66,930							(66,930)	66,930		
Carl D. Perkins	84.243A		PERK219015	7/1/14-6/30/15	81,214	(81,214)			81,214						
Total Special Revenue Fund						(6,451,427)	-	-	12,666,409	9,324,516	(8,384)	(4,785,357)	1,667,439	-	(3,117,918)
Total						\$ (7,768,135)	\$ -	\$ -	\$ 16,723,326	\$ 12,673,679	\$ (8,384)	\$ (5,394,311)	\$ 1,667,439	\$ -	\$ (3,726,872)

Note - (1) To reclassify prior year expenditures

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, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2016			Memo Only	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Account Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education																
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 17,684,735					\$ 15,983,514	\$ 17,684,735			\$ (1,701,221)		*		\$ 17,684,735
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	17,684,735	\$ (1,701,347)				1,701,347						*		
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	6,592,227					5,958,074	6,592,227			(634,153)		*		6,592,227
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	6,592,227	(634,200)				634,200						*		
Security Aid	15-495-034-5120-084	7/1/15-6/30/16	770,787					696,640	770,787			(74,147)		*		770,787
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	770,787	(74,153)				74,153						*		
Under Adequacy Aid	15-495-034-5120-096	7/1/15-6/30/16	500,000					451,901	500,000			(48,099)		*		500,000
Under Adequacy Aid	15-495-034-5120-096	7/1/14-6/30/15	500,000	(48,102)				48,102						*		
PARCC Readiness Aid	15-495-034-5120-098	7/1/15-6/30/16	112,730					101,886	112,730			(10,844)		*		112,730
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	112,730	(10,845)				10,845						*		
Per Pupil Growth Aid	15-495-034-5120-097	7/1/15-6/30/16	112,730					101,886	112,730			(10,844)		*		112,730
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	112,730	(10,845)				10,845						*		
Total State Aid Public Cluster									<u>25,773,209</u>					*		<u>25,773,209</u>
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	485,830	(46,739)				46,739						*		
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	485,830					439,095	485,830			(46,735)		*		485,830
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	98,970						98,970			(98,970)		*	\$ (98,970)	98,970
Non-Public Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	102,230	(102,230)				102,230						*		
Total Transportation Aid Cluster									<u>584,800</u>					*		<u>584,800</u>
Extraordinary Aid	15-495-034-5120-044	7/1/15-6/30/16	536,819						536,819			(536,819)		*		536,819
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	754,248	(754,248)				754,248						*		
Homeless Tuition Aid	N/A	7/1/14-6/30/15	214,140	(214,140)				214,140						*		
TPAF Pension and Annuity Aid-Normal	16-495-034-5094-002	7/1/15-6/30/16	5,324,564					5,324,564	5,324,564					*		5,324,564
NCGI	16-495-034-5094-004	7/1/15-6/30/16	265,236					265,236	265,236					*		265,236
Post Retirement Medical	16-495-034-5094-001	7/1/15-6/30/16	6,655,907					6,655,907	6,655,907					*		6,655,907
TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	4,968,975					4,718,898	4,968,975			(250,077)		*	(250,077)	4,968,975
TPAF Social Security Aid	15-495-034-5094-003	7/1/14-6/30/15	5,061,934	(250,441)				250,441						*		
Total General Fund				<u>(3,847,290)</u>				<u>44,544,891</u>	<u>44,109,510</u>			<u>(3,411,909)</u>		*	<u>(349,047)</u>	<u>44,109,510</u>
New Jersey Nonpublic Aid														*		
Auxiliary Services														*		
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	290,149			\$ 14,343				\$ 14,343				*		
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	194,756					194,756	192,404				\$ 2,352	*		192,404
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	66,686			39,117				39,117				*		
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	44,863					44,863	26,035				18,828	*		26,035
Transportation	15-100-034-5120-067	7/1/14-6/30/15	80,610			3,025				3,025				*		
Transportation	16-100-034-5120-067	7/1/15-6/30/16	75,829					75,829	51,333				24,496	*		51,333
Total Nonpublic Auxiliary Services Aid Cluster (Chapter 192)									<u>269,772</u>					*		<u>269,772</u>
Handicapped Services														*		
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	127,517							38,776				*		
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	109,586					109,586	89,520				20,066	*		89,520
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	84,465			20,490				20,490				*		
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	56,351					56,351	49,645				6,706	*		49,645
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	72,192			24,794				24,794				*		
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	58,069					58,069	41,849				16,220	*		41,849
Total Nonpublic Handicapped Services Aid Cluster (Chapter 193)									<u>181,014</u>					*		<u>181,014</u>
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	67,624			2,361				2,361				*		
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	59,441					59,441	56,504				2,937	*		56,504
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	91,530					91,530	91,530					*		91,530
Technology	15-100-034-5120-373	7/1/14-6/30/15	36,320			5,386				5,386				*		
Technology	16-100-034-5120-373	7/1/15-6/30/16	27,066					27,066	25,992				1,074	*		25,992
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	27,125					27,125	23,423				3,702	*		23,423
Total Special Revenue Fund						<u>148,292</u>		<u>744,616</u>	<u>648,235</u>					*		<u>648,235</u>

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CLIFTON BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2016			Memo Only		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Account Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education																	
Debt Service Aid	16-100-034-5120-075	7/1/15-6/30/16	\$ 145,357	-	-	-	-	\$ 145,357	\$ 145,357	-	-	-	-	-	-	\$ 145,357	
Total Debt Service				-	-	-	-	145,357	145,357	-	-	-	-	-	-	145,357	
State Economic Development Authority																	
Educational Facilities Construction and Financing Act																	
Capital Projects Fund																	
Roof Replacement at High School and School	0900-080-14-G2XU 0900-030-14-G2LJ	07/1/13-6/30/14	716,760	\$ (77,094)	\$ 77,094							\$ (77,094)	\$ 77,094			\$ (77,094)	
Boiler Replacement at School #14 and #16	0900-190-14-G2LN 09-210-G2LR	07/1/13-6/30/14	375,000	(149,400)	119,799		17,560	885				(131,840)	118,914			(131,840) 885	
Electrical Upgrades at School #14 and #16	0900-210-14G2LS 0900-190-14-G2LO	07/1/13-6/30/14	337,500	(269,426)	205,554		63,872					(205,554)	205,554			(205,554) -	
Window Replacement at School #14, #16 and Woodrow Wilson Middle School and Columbus Middle School	0900-070-14-G2LM 0900-190-14-G2LP 0900-210-14-G2LQ	07/1/13-6/30/14	802,509	(802,509)	725,945			549,648				(802,509)	176,297			(802,509) 549,648	
Video Camera/Security Upgrade at Woodrow Wilson and Christopher Columbus Middle School	0900-070-14-G2LL 0900-035-14-G2LK	07/1/13-6/30/14	132,000	(70,079)	1,991		61,873					(8,206)	1,991			(8,206) -	
Total Capital Projects Fund				(1,368,508)	1,130,383	-	-	143,305	550,533	-	-	(1,225,203)	579,850	-	-	(1,225,203) 550,533	
State Department of Agriculture																	
National School Lunch Pgm.(State Share)	15-100-010-3350-023	7/1/14-6/30/15	50,720	(21,019)				21,019								-	
National School Lunch Pgm.(State Share)	16-100-010-3350-023	7/1/15-6/30/16	54,642	-				41,717	54,642			(12,925)				(12,925) 54,642	
Total Enterprise Funds				(21,019)	-	-	-	62,736	54,642	-	-	(12,925)	-	-	-	(12,925) 54,642	
Total State Financial Assistance Subject to Single Audit Determination				\$ (3,868,309)	\$ 1,130,383	\$ 148,292	\$ -	\$ 45,497,600	\$ 45,508,277	\$ 148,292	\$ -	\$ (3,424,834)	\$ 579,850	\$ 96,381	*	\$ (361,972)	\$ 44,957,744
Less On-Behalf TPAF Pension and Annuity Aid																	
Normal									5,324,564								
NCCI									265,236								
Post Retirement Medical									6,655,907								
Total State Financial Assistance Subject to Major Program Determination									\$ 33,262,570								

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

**CLIFTON BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, “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 financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$217,617 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 and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 326,166	\$ 44,327,127	\$ 44,653,293
Special Revenue Fund	9,324,516	648,235	9,972,751
Capital Projects Fund		550,533	550,533
Debt Service Fund		145,357	145,357
Food Service Fund	<u>3,022,997</u>	<u>54,642</u>	<u>3,077,639</u>
Total Financial Assistance	<u>\$ 12,673,679</u>	<u>\$ 45,725,894</u>	<u>\$ 58,399,573</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, 2016**

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 Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$4,968,975 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$5,589,800 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$6,655,907 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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 financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to the basic financial statements noted? X yes no

Federal Awards Section

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

Internal Control over compliance:

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

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? X yes none reported

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027 & 84.173</u>	<u>H027A150100/H173A150114</u>	<u>Special Ed Cluster (IDEA)</u>
<u>84.419B</u>	<u>S419B150020</u>	<u>Preschool Expansion Aid</u>
<u>10.553 & 10.555</u>	<u>16161NJ304N1099</u>	<u>Child Nutrition Cluster</u>
<u>84.010A</u>	<u>S010A150030</u>	<u>Title I</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
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**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 paragraph 5-18 through 5.20 of *Government Auditing Standards*.

Finding 2016-001

Our audit of year end open purchase orders in the General, Special Revenue, Capital Projects and Food Service Funds revealed certain encumbrances should have been classified as accounts payable and certain accounts payable were deemed overstated at June 30, 2016.

Criteria or Specific Requirement

Internal controls over year end closing procedures of open orders.

Condition

Certain encumbrances were determined to not have been classified properly and certain accounts payables were overstated and deemed invalid at year end.

Context

- Four (4) purchase orders in the General Fund classified as reserve for encumbrances should have been classified as accounts payable in the amount of \$2,096,600.
- Accounts payable in the General Fund was deemed overstated and invalid in the amount of \$52,294.
- Accounts payable in the Special Revenue Fund was deemed overstated and invalid in the amount of \$20,561.
- One (1) purchase order in the Food Service Fund classified as reserve for encumbrances should have been classified as accounts payable in the amount of \$12,000.
- Accounts payable in the Capital Projects Fund was deemed overstated and invalid in the amount of \$13,031.

Effect

Financial statements do not properly reflect liabilities, expenditures and fund balance at year end.

Cause

Unknown.

Recommendation

Procedures be reviewed and revised to ensure open purchase orders are reviewed at year end for appropriateness and proper classification as accounts payable or encumbrances and invalid balances be cancelled at year end.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 paragraph 5-18 through 5.20 of *Government Auditing Standards*.

Finding 2016-002

The District's various grant budget accounts relating to Preschool Expansion Aid, IDEA Basic and 21st Century were not in agreement with approved grant budgets plus amendments. In addition, various grant budget accounts relating to Preschool Expansion Aid, Title IIA, IDEA Basic and 21st Century were over expended at June 30, 2016.

Criteria or Specific Requirement

Grant Program Reporting Requirements.

Condition

See Finding 2016-002.

Context

- Three (3) grant budget accounts for Preschool Expansion Aid were not in agreement with approved grant budgets plus amendments.
- Two (2) grant budget accounts for IDEA Basic were not in agreement with approved grant budgets plus amendments.
- Two (2) grant budget accounts for 21st Century were not in agreement with approved grant budgets plus amendment.
- Five (5) grant budget accounts for Preschool Expansion Aid were overexpended for a total amount of \$123,688.
- Two (2) grant budget accounts for Title IIA were overexpended for a total amount of \$29,180.
- One (1) grant budget account for IDEA Basis was overexpended in the amount of \$2,425.
- Three (3) grant budget accounts for 21st Century were overexpended for a total amount of \$5,317.

Effect

The District's financial reports are not in agreement with grant budgets plus amendments and various grant budget accounts were overexpended at June 30, 2016.

Cause

Grant budgets plus amendments were not compared to internal accounting records. In addition, internal accounting records were not reviewed for availability of funds.

Recommendation

Districts budget accounts be amended to be in agreement with all federal grant budgets plus amendments and internal controls be enhanced to prevent budgetary overexpenditures under the federal grant programs.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated appropriate corrective action will be implemented.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-003

The District's various grant budget accounts relating to Preschool Expansion Aid and IDEA Basic were not in agreement with approved grant budgets plus amendments. In addition, various grant budget accounts relating to Preschool Expansion Aid and IDEA Basic were over expended at June 30, 2016.

Information on Federal Program

Preschool Expansion Aid	84.419B
IDEA Basic	84.027

Criteria or Specific Requirement

Federal Grant Compliance Supplements - Reporting.

Condition

See Finding 2016-003.

Questioned Costs

Unknown.

Context

- Three (3) grant budget accounts for Preschool Expansion Aid were not in agreement with approved grant budgets plus amendments.
- Two (2) grant budget accounts for IDEA Basic were not in agreement with approved grant budgets plus amendments.
- Five (5) grant budget accounts for Preschool Expansion Aid were overexpended for a total amount of \$123,688.
- One (1) grant budget account for IDEA Basic was overexpended in the amount of \$2,425.

Effect

District is not in compliance with Federal Grant Compliance Supplement.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS (Continued)

Finding 2016-003 (Continued)

Cause

Grant budgets plus amendments were not compared to internal accounting records. In addition, internal accounting records were not reviewed for availability of funds.

Recommendation

Districts budget accounts be amended to be in agreement with all federal grant budgets plus amendments and internal controls be enhanced to prevent budgetary overexpenditures under the federal grant programs.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated appropriate corrective action will be implemented.

CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

There are none.

**CLIFTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.