

CLIFTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CLIFTON, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Clifton Board of Education

Clifton, New Jersey

For The Fiscal Year Ended June 30, 2017

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 1, 2017

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, 2017 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 2016-2017 fiscal year with an average daily enrollment of 11,151 for in-district students. The district also had 129 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 2016-2017 school year as follows:

- Maintained training and implementation of the Danielson Model by transitioning to the new Frontline Evaluation Platform to provide Danielson training and observations. Purchased first year of the Frontline 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 Algebra 1 textbooks for grades 8 and 9.
- Completed phased implementation of new Next Generation Science series in elementary grades.
- Intensive professional development and in-class coaching for Literacy interventions including Wilson FUNDATIONS, Orton Gillingham and Reading Recovery. Purchased Wilson FUNDATIONS materials for all teachers in Grade 3.
- Continued curricular and assessment revisions to align with New Jersey Student learning Standards, PARCC Evidence statements, and pacing adjustments through teacher stipend positions after school and during the summer.
- Replaced core of district-wide data network (single biggest network overhaul since Project 2000), including the replacement of top-level network switches/routers in each building. This project will ensure network reliability and capacity for both administration and instruction for years to come. [Local funds + Federal E-Rate funds]
- Replaced 380 instructional computers and 80 printers at School 12, School 17, and the CHS music lab. [Local Funds]
- Added 120 Chromebooks district-wide for in teacher and student use to support the development of 21st Century learning skills as well PARCC administration. [Local funds]
- Expanded Google Apps for Education and Google Classroom training. [Local funds + Federal ESEA Title funds]
- Maintained online learning systems in grades 3-11 to support differentiation of instruction, remediation, and enrichment using Study Island, Renaissance Learning, and other instructional technology products. [Local funds]
- Planned and implemented capital improvement projects as follows:
 - i) Replacement of windows phase II at School #14 and School #16.
 - ii) Construction of high school athletic turf field.

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, 2017.

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, 2017 the Clifton School District's outstanding long-term debt issues included \$6,935,000 of general obligation bonds, to provide funds for acquisition and construction of major capital facilities.

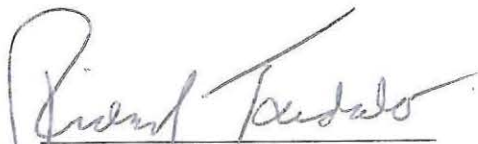
8) **CASH MANAGEMENT**: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 3. The Clifton School District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from 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.

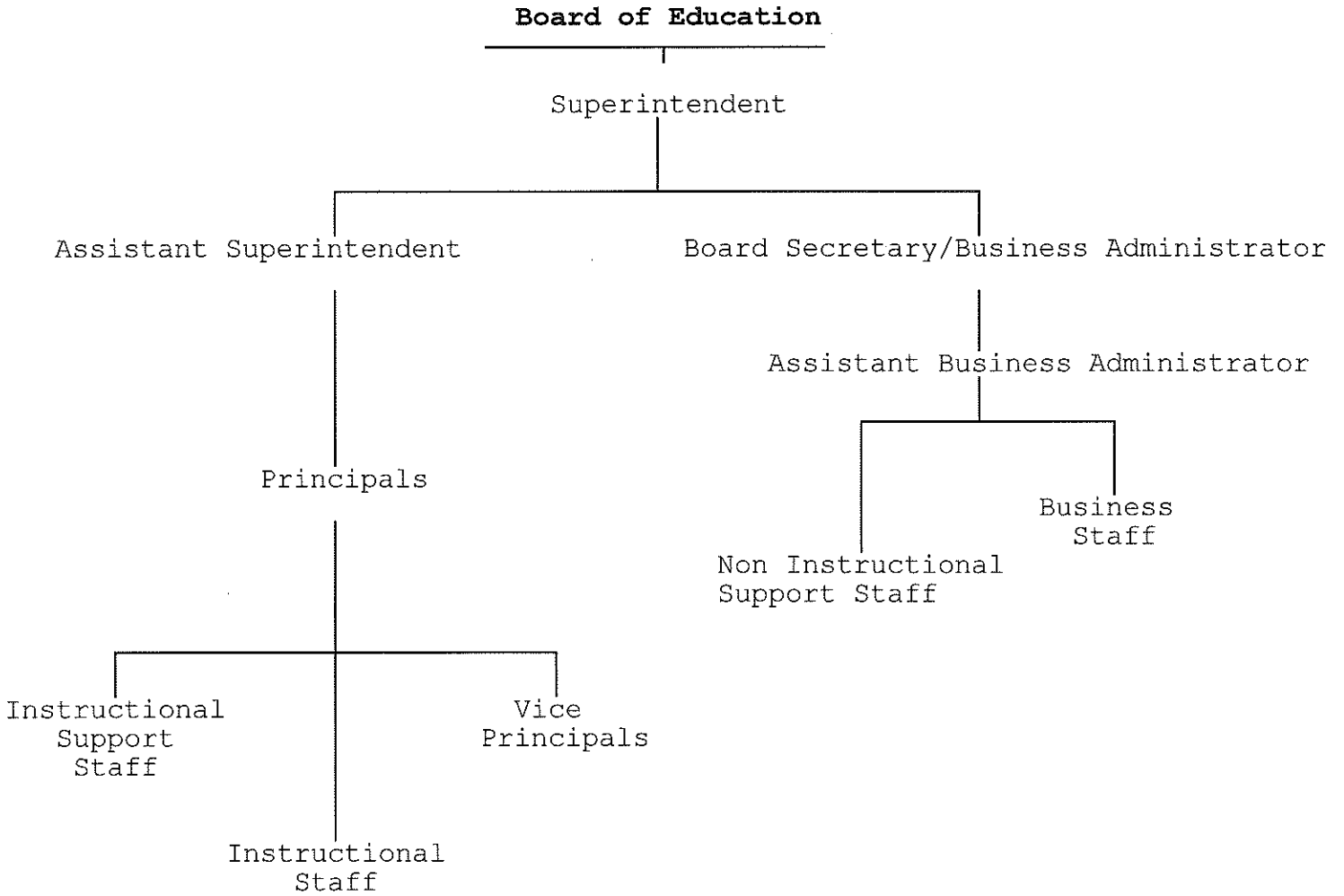
11) **ACKNOWLEDGMENTS**: We would like to express our appreciation to the members of the Clifton School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our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

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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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, 2017

Roster of Officials

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Fahim Abadrabbo	2019
Arlene Agresti, Vice President	2017
Tafari Anderson	2018
Judith Bassford	2017
James Daley	2018
Lucy Danny	2017
Lawrence Grasso	2018
Gary Passenti, President	2019
Rosemary Pino	2019

Administrators

Richard Tardalo, Superintendent

Mark Tietjen, Assistant Superintendent

Edward Appleton, Interim Board Secretary/Business Administrator

Michael Ucci, Assistant Board Secretary
/Assistant Business Administrator

Richard Tardalo, Designee/Custodian of School Monies

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, PSA

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, 2017 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2017, 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 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 1, 2017 on our consideration of the Clifton Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clifton Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the 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 1, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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, 2017. 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 2017 are as follows:

- District-Wide - Overall revenues were \$229,233,690. General revenues accounted for \$150,103,446 or 65 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$79,130,244 or 35 percent of total revenues.
- District-Wide - The School District had \$229,971,425 in expenses; only \$79,130,244 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted state aid) of \$150,103,446 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 \$15,328,433, an increase of \$1,681,983 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2017 and 2016, the unassigned fund balance (deficit) reported in the General Fund was \$(42,465) and \$130,380 respectively, a decrease from the prior year of \$172,845.

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 2017 and 2016. For 2017 and 2016 they were \$31,774,772 and \$32,512,507, 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, 2017 and 2016

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$ 17,061,817	\$ 17,894,419	\$ 790,688	\$ 811,821	\$ 17,852,505	\$ 18,706,240
Capital Assets	<u>69,705,915</u>	<u>70,420,494</u>	<u>124,275</u>	<u>149,283</u>	<u>69,830,190</u>	<u>70,569,777</u>
Total Assets	<u>86,767,732</u>	<u>88,314,913</u>	<u>914,963</u>	<u>961,104</u>	<u>87,682,695</u>	<u>89,276,017</u>
Deferred Outflows of Resources						
Deferred Amounts on Debt Refunding	351,374	468,508			351,374	468,508
Deferred Amounts on Net Pension Liability	<u>15,300,294</u>	<u>6,871,041</u>	<u>-</u>	<u>-</u>	<u>15,300,294</u>	<u>6,871,041</u>
Total Deferred Outflows of Resources	<u>15,651,668</u>	<u>7,339,549</u>	<u>-</u>	<u>-</u>	<u>15,651,668</u>	<u>7,339,549</u>
Total Assets and Deferred Outflows of Resources	<u>102,419,400</u>	<u>95,654,462</u>	<u>914,963</u>	<u>961,104</u>	<u>103,334,363</u>	<u>96,615,566</u>
Liabilities						
Current Liabilities	1,821,606	4,353,659	21,500	19,408	1,843,106	4,373,067
Noncurrent Liabilities	<u>68,508,851</u>	<u>58,396,164</u>	<u>-</u>	<u>-</u>	<u>68,508,851</u>	<u>58,396,164</u>
Total Liabilities	<u>70,330,457</u>	<u>62,749,823</u>	<u>21,500</u>	<u>19,408</u>	<u>70,351,957</u>	<u>62,769,231</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			721	-	721	-
Deferred Amounts on Net Pension Liability	<u>1,206,913</u>	<u>1,333,828</u>	<u>-</u>	<u>-</u>	<u>1,206,913</u>	<u>1,333,828</u>
Total Deferred Inflows of Resources	<u>1,206,913</u>	<u>1,333,828</u>	<u>721</u>	<u>-</u>	<u>1,207,634</u>	<u>1,333,828</u>
Total Liabilities and Deferred Inflows of Resources	<u>71,537,370</u>	<u>64,083,651</u>	<u>22,221</u>	<u>19,408</u>	<u>71,559,591</u>	<u>64,103,059</u>
Net Position						
Net Investment in Capital Assets	61,563,178	59,764,596	124,275	149,283	61,687,453	59,913,879
Restricted	10,894,647	10,678,395	-	-	10,894,647	10,678,395
Unrestricted	<u>(41,575,795)</u>	<u>(38,872,180)</u>	<u>768,467</u>	<u>792,413</u>	<u>(40,807,328)</u>	<u>(38,079,767)</u>
Total Net Position	<u>\$ 30,882,030</u>	<u>\$ 31,570,811</u>	<u>\$ 892,742</u>	<u>\$ 941,696</u>	<u>\$ 31,774,772</u>	<u>\$ 32,512,507</u>

Governmental activities. Governmental activities decreased the District's net position by \$688,781. Key elements of this decrease 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, 2017 and 2016

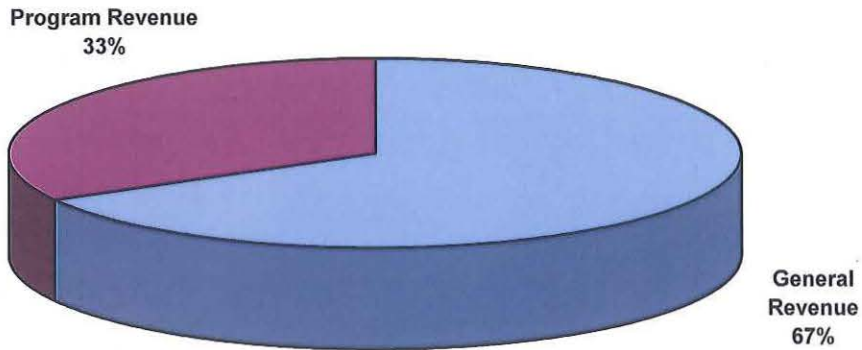
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 841,623	\$ 288,939	\$ 1,729,169	\$ 1,865,871	\$ 2,570,792	\$ 2,154,810
Operating Grants and Contributions	73,262,312	56,755,615	3,232,755	3,077,639	76,495,067	59,833,254
Capital Grants and Contributions	64,385	649,771			64,385	649,771
General Revenues						
Property Taxes	130,853,039	128,336,184			130,853,039	128,336,184
Unrestricted State Aid	18,258,504	18,410,326			18,258,504	18,410,326
State Aid Restricted for Debt Service	140,439	145,357			140,439	145,357
Other	849,270	899,379	2,194	819	851,464	900,198
Total Revenues	<u>224,269,572</u>	<u>205,485,571</u>	<u>4,964,118</u>	<u>4,944,329</u>	<u>229,233,690</u>	<u>210,429,900</u>
Expenses						
Instruction						
Regular	95,246,455	87,810,222			95,246,455	87,810,222
Special	32,519,675	29,888,154			32,519,675	29,888,154
Other Instruction	12,082,008	10,175,218			12,082,008	10,175,218
School Sponsored Activities & Ath.	2,842,082	2,728,975			2,842,082	2,728,975
Support Services						
Student and Instruction Related Serv.	34,594,301	29,051,981			34,594,301	29,051,981
Educational Media/School Library	2,583,455	3,151,339			2,583,455	3,151,339
School Administrative Services	11,327,771	10,369,547			11,327,771	10,369,547
General Administrative Services	3,039,213	2,828,483			3,039,213	2,828,483
Plant Operations and Maintenance	17,873,434	16,395,887			17,873,434	16,395,887
Pupil Transportation	9,340,738	8,348,228			9,340,738	8,348,228
Central Services	3,040,759	2,890,554			3,040,759	2,890,554
Food Service			4,423,112	4,407,804	4,423,112	4,407,804
Other Programs			589,960	615,910	589,960	615,910
Interest on Long-Term Debt	468,462	534,816	-	-	468,462	534,816
Total Expenses	<u>224,958,353</u>	<u>204,173,404</u>	<u>5,013,072</u>	<u>5,023,714</u>	<u>229,971,425</u>	<u>209,197,118</u>
Change in Net Position	(688,781)	1,312,167	(48,954)	(79,385)	(737,735)	1,232,782
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 30,882,030</u>	<u>\$ 31,570,811</u>	<u>\$ 892,742</u>	<u>\$ 941,696</u>	<u>\$ 31,774,772</u>	<u>\$ 32,512,507</u>

CLIFTON BOARD OF EDUCATION

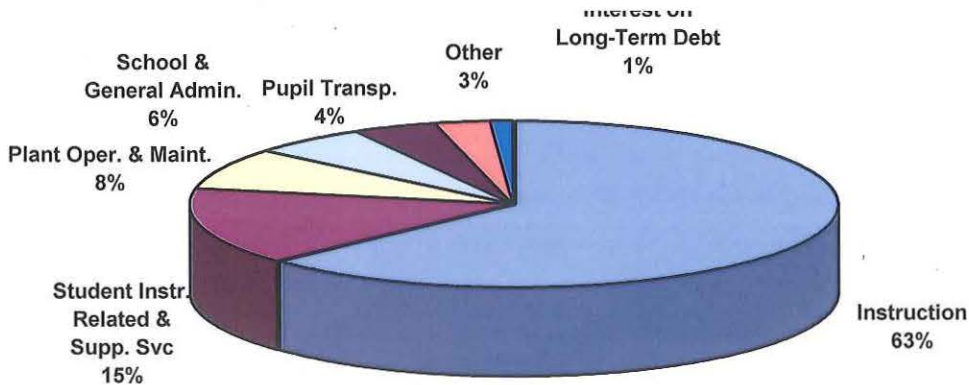
Governmental activities. The District's total governmental revenues were \$224,269,572. The general revenues included property taxes, interest, unrestricted state aid, state and restricted for debt service and miscellaneous revenue, amounted to \$150,101,252 or 67% of total revenues. Program revenues from state and federal sources and charges for services and sales amounted to \$74,168,320 or 33%.

The District's total governmental expenses were \$224,958,353 which are predominantly related to instruction and support services. Instruction totaled \$142,690,220 (63%), student support services totaled \$81,799,671 (36%) and interest on long-term debt total \$468,462 (1%) of total expenditures.

Revenue by Type – Governmental Activities
For Fiscal Year 2017



Expenditures by Type- Governmental Activities
For Fiscal Year 2017



CLIFTON BOARD OF EDUCATION

Governmental activities. (Continued)

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2017 and 2016

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 95,246,455	\$ 87,810,222	\$ 66,072,738	\$ 66,574,120
Special Education	32,519,675	29,888,154	14,870,554	15,721,241
Other Instruction	12,082,008	10,175,218	6,240,092	5,544,970
School Sponsored Activities and Athletics	2,842,082	2,728,975	2,026,528	2,133,176
Support Services				
Student and Instruction Related Svcs.	34,594,301	29,051,981	19,971,652	17,370,521
Educational Media/School Library	2,583,455	3,151,339	1,796,870	2,378,735
General Administrative Services	3,039,213	2,828,483	3,039,213	2,828,483
School Administrative Services	11,327,771	10,369,547	7,627,590	7,664,478
Plant Operations and Maintenance	17,873,434	16,395,887	16,960,518	15,074,561
Pupil Transportation	9,340,738	8,348,228	8,675,057	7,763,424
Central Services	3,040,759	2,890,554	3,040,759	2,890,554
Interest on Long-Term Debt	468,462	534,816	468,462	534,816
	<u>\$ 224,958,353</u>	<u>\$ 204,173,404</u>	<u>\$ 150,790,033</u>	<u>\$ 146,479,079</u>
Total Governmental Activities				

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$5,013,072. These costs were funded by operating grants, charges for services and investment earnings. The operations resulted in a decrease in net position of \$48,954.

Major Enterprise Fund

Food Service Program

- Food service expenses were greater than revenues by \$83,324.
- Charges for services represent 25 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.

- Revenues were greater than expenses by \$34,370.
- 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 \$15,328,433. At June 30, 2016, the fund balance was \$13,646,450.

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 \$191,312,196 and expenditures were \$189,630,213.

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, 2017 and 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase <u>(Decrease)</u>	Percent <u>Change</u>
Local Sources	\$ 132,548,440	\$ 129,528,799	\$ 3,019,641	2.33%
State Sources	47,712,871	45,671,252	2,041,619	4.47%
Federal Sources	<u>10,584,685</u>	<u>9,650,682</u>	<u>934,003</u>	9.68%
Total	<u>\$ 190,845,996</u>	<u>\$ 184,850,733</u>	<u>\$ 5,995,263</u>	3.24%

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, 2017 and 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Current:				
Instruction	\$ 117,285,881	\$ 115,305,497	\$ 1,980,384	1.72%
Support Services	64,958,409	62,584,332	2,374,077	3.79%
Capital Outlay	3,920,632	4,887,157	(966,525)	-19.78%
Debt Service				
Principal	2,989,423	2,988,585	838	0.03%
Interest and Other Costs	<u>475,868</u>	<u>546,453</u>	<u>(70,585)</u>	-12.92%
 Total	 <u>\$ 189,630,213</u>	 <u>\$ 186,312,024</u>	 <u>\$ 3,318,189</u>	 1.78%

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 2017 school year.

Capital Assets

At June 30, 2017 the District – Governmental Activities had invested \$69,705,915 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, 2017 and 2016 balances.

CLIFTON BOARD OF EDUCATION

Capital Assets (Continued)

Capital Assets as of June 30, 2017 and 2016 (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 8,374,289	\$ 8,374,289			\$ 8,374,289	\$ 8,374,289
Land Improvements	2,881,530	1,638,434			2,881,530	1,638,434
Construction in Progress	95,136	1,056,799			95,136	1,056,799
Buildings and Improvements	116,989,345	114,431,271			116,989,345	114,431,271
Machinery, Equipment and Vehicles	<u>9,418,593</u>	<u>8,433,139</u>	<u>\$ 840,544</u>	<u>\$ 840,544</u>	<u>10,259,137</u>	<u>9,273,683</u>
 Total	 137,758,893	 133,933,932	 840,544	 840,544	 138,599,437	 134,774,476
Less: Accumulated Depreciation	<u>68,052,978</u>	<u>63,513,438</u>	<u>716,269</u>	<u>691,261</u>	<u>68,769,247</u>	<u>64,204,699</u>
 Total	 <u>\$ 69,705,915</u>	 <u>\$ 70,420,494</u>	 <u>\$ 124,275</u>	 <u>\$ 149,283</u>	 <u>\$ 69,830,190</u>	 <u>\$ 70,569,777</u>

Overall capital assets for Governmental Activities decreased \$714,579 (net of depreciation) from fiscal year 2016 to fiscal year 2017.

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, 2017, the District had \$68,508,851 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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
General Obligation Bonds, Gross	\$ 7,338,816	\$ 9,727,888
Capital Leases	1,155,295	1,396,518
Compensated Absences Payable	6,185,504	5,517,001
Net Pension Liability	<u>53,829,236</u>	<u>41,754,757</u>
 Total	 <u>\$ 68,508,851</u>	 <u>\$ 58,396,164</u>

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

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.

- 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, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 11,517,547	\$ 866,999	\$ 12,384,546
Receivables, net			
Receivables from Other Governments	5,172,847	176,350	5,349,197
Other	105,534	807	106,341
Internal Balances	265,889	(265,889)	-
Inventory		12,421	12,421
Capital Assets, net			
Not Being Depreciated	8,469,425		8,469,425
Being Depreciated	61,236,490	124,275	61,360,765
Total Assets	<u>86,767,732</u>	<u>914,963</u>	<u>87,682,695</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	351,374		351,374
Deferred Amounts on Net Pension Liability	15,300,294	-	15,300,294
Total Deferred Outflows of Resources	<u>15,651,668</u>	<u>-</u>	<u>15,651,668</u>
Total Assets and Deferred Outflows of Resources	<u>102,419,400</u>	<u>914,963</u>	<u>103,334,363</u>
 LIABILITIES			
Accounts Payable and Other Liabilities	1,642,297	21,500	1,663,797
Payable to State Government	91,087		91,087
Accrued Interest Payable	88,222		88,222
Noncurrent Liabilities			
Due within one year	2,032,885		2,032,885
Due beyond one year	66,475,966	-	66,475,966
Total Liabilities	<u>70,330,457</u>	<u>21,500</u>	<u>70,351,957</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		721	721
Deferred Amounts on Net Pension Liability	1,206,913	-	1,206,913
Total Deferred Inflows of Resources	<u>1,206,913</u>	<u>721</u>	<u>1,207,634</u>
Total Liabilities and Deferred Inflows of Resources	<u>71,537,370</u>	<u>22,221</u>	<u>71,559,591</u>
 NET POSITION			
Net Investment in Capital Assets	61,563,178	124,275	61,687,453
Restricted for			
Capital Projects	9,379,074		9,379,074
Debt Service	14,573		14,573
Other Purposes	1,501,000		1,501,000
Unrestricted	(41,575,795)	768,467	(40,807,328)
Total Net Position	<u>\$ 30,882,030</u>	<u>\$ 892,742</u>	<u>\$ 31,774,772</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, 2017**

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	\$ 95,246,455	\$ 807,766	\$ 28,339,901	\$ 26,050	\$ (66,072,738)		\$ (66,072,738)
Special Education	32,519,675	8,003	17,641,118		(14,870,554)		(14,870,554)
Other Instruction	12,082,008		5,831,920	9,996	(6,240,092)		(6,240,092)
School Sponsored Activities and Athletics	2,842,082		815,554		(2,026,528)		(2,026,528)
Support Services							
Student and Instruction Related Services	34,594,301		14,622,649		(19,971,652)		(19,971,652)
Educational Media/School Library	2,583,455		786,585		(1,796,870)		(1,796,870)
General Administrative Services	3,039,213				(3,039,213)		(3,039,213)
School Administrative Services	11,327,771		3,700,181		(7,627,590)		(7,627,590)
Plant Operations and Maintenance	17,873,434	25,854	858,723	28,339	(16,960,518)		(16,960,518)
Pupil Transportation	9,340,738		665,681		(8,675,057)		(8,675,057)
Central Services	3,040,759				(3,040,759)		(3,040,759)
Interest on Long-Term Debt	468,462	-	-	-	(468,462)	-	(468,462)
Total Governmental Activities	<u>224,958,353</u>	<u>841,623</u>	<u>73,262,312</u>	<u>64,385</u>	<u>(150,790,033)</u>	<u>-</u>	<u>(150,790,033)</u>
Business-Type Activities							
Food Service	4,423,112	1,104,839	3,232,755			\$ (85,518)	(85,518)
Other Programs	<u>589,960</u>	<u>624,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,370</u>	<u>34,370</u>
Total Business-Type Activities	<u>5,013,072</u>	<u>1,729,169</u>	<u>3,232,755</u>	<u>-</u>	<u>-</u>	<u>(51,148)</u>	<u>(51,148)</u>
Total Primary Government	<u>\$ 229,971,425</u>	<u>\$ 2,570,792</u>	<u>\$ 76,495,067</u>	<u>\$ 64,385</u>	<u>(150,790,033)</u>	<u>(51,148)</u>	<u>(150,841,181)</u>
General Revenues							
Property Taxes, Levied for General Purposes, Net					128,445,731		128,445,731
Property Taxes Levied for Debt Service					2,407,308		2,407,308
State Aid - Restricted for Debt Service					140,439		140,439
State Aid Unrestricted					18,258,504		18,258,504
Miscellaneous Income					849,270	2,194	851,464
Total General Revenues					<u>150,101,252</u>	<u>2,194</u>	<u>150,103,446</u>
Change in Net Position					(688,781)	(48,954)	(737,735)
Net Position, Beginning of Year					<u>31,570,811</u>	<u>941,696</u>	<u>32,512,507</u>
Net Position, End of Year					<u>\$ 30,882,030</u>	<u>\$ 892,742</u>	<u>\$ 31,774,772</u>

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

FUND FINANCIAL STATEMENTS

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<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	\$ 10,928,843		\$ 574,131	\$ 14,573	\$ 11,517,547
Receivables, Net					
Receivables from Other Governments	1,117,285	\$ 2,830,359	1,225,203		5,172,847
Other	105,134				105,134
Due from Other Funds	2,170,286	-	-	-	2,170,286
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 14,321,548	\$ 2,830,359	\$ 1,799,334	\$ 14,573	\$ 18,965,814
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Accrued Salaries	\$ 240,953	\$ 801,438	\$ 13,031		\$ 1,055,422
Due to Other Funds		1,902,470	1,527		1,903,997
Payable to State Government		91,087			91,087
Unearned Revenue	-	35,364	551,511	-	586,875
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	240,953	2,830,359	566,069	-	3,637,381
Fund Balances					
Restricted:					
Excess Surplus	900,000				900,000
Capital Reserve	8,145,809				8,145,809
Maintenance Reserve	1,001,000				1,001,000
Maintenance Reserve-Designated for Subsequent Year's Expenditures	500,000				500,000
Capital Projects			1,233,265		1,233,265
Debt Service				\$ 14,573	14,573
Committed: Year End Encumbrances	1,516,704				1,516,704
Assigned:					
Year End Encumbrances	536,165				536,165
Designated for Subsequent Year's Expenditures	1,500,000				1,500,000
ARRA/SEMI-Designated for Subsequent Year's Expenditures	23,382				23,382
Unassigned	(42,465)	-	-	-	(42,465)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	14,080,595	-	1,233,265	14,573	15,328,433
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 14,321,548	\$ 2,830,359	\$ 1,799,334	\$ 14,573	\$ 18,965,814

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balances (Exhibit B-1)		\$ 15,328,433
<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 \$137,758,893 and the accumulated depreciation is \$68,052,978.</p>		69,705,915
<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>		351,374
<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	\$ 15,300,294	
Deferred Inflows of Resources	<u>(1,206,913)</u>	14,093,381
<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>		(88,222)
<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	(7,338,816)	
Capital Leases Payable	(1,155,295)	
Compensated Absences Payable	(6,185,504)	
Net Pension Liability	<u>(53,829,236)</u>	(68,508,851)
Net position of governmental activities (Exhibit A-1)		<u>\$ 30,882,030</u>

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 128,445,731			\$ 2,407,308	\$ 130,853,039
Miscellaneous	1,690,893	\$ 4,508	-	-	1,695,401
Total - Local Sources	130,136,624	4,508		2,407,308	132,548,440
State Sources	46,831,520	712,573	\$ 28,339	140,439	47,712,871
Federal Sources	428,618	10,156,067	-	-	10,584,685
Total Revenues	<u>177,396,762</u>	<u>10,873,148</u>	<u>28,339</u>	<u>2,547,747</u>	<u>190,845,996</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	76,803,657	748,141			77,551,798
Special Education Instruction	25,423,495	1,904,361			27,327,856
Other Instruction	7,365,394	2,721,839			10,087,233
School-Sponsored Activities and Athletics	2,318,994				2,318,994
Support Services					
Student and Instruction Related Services	23,155,628	5,462,761			28,618,389
Educational Media/School Library	2,078,947				2,078,947
General Administrative Services	2,778,505				2,778,505
School Administrative Services	8,935,097				8,935,097
Plant Operations and Maintenance	11,835,529				11,835,529
Pupil Transportation	8,140,010				8,140,010
Central Services	2,571,932				2,571,932
Debt Service					
Principal	707,423			2,282,000	2,989,423
Interest and Other Charges	163,724			312,144	475,868
Capital Outlay	3,813,737	36,046	70,849	-	3,920,632
Total Expenditures	<u>176,092,072</u>	<u>10,873,148</u>	<u>70,849</u>	<u>2,594,144</u>	<u>189,630,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,304,690</u>	<u>-</u>	<u>(42,510)</u>	<u>(46,397)</u>	<u>1,215,783</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	466,200	-	-	-	466,200
Total Other Financing Sources and (Uses)	<u>466,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,200</u>
Net Change in Fund Balances	1,770,890	-	(42,510)	(46,397)	1,681,983
Fund Balance, Beginning of Year	<u>12,309,705</u>	<u>-</u>	<u>1,275,775</u>	<u>60,970</u>	<u>13,646,450</u>
Fund Balance, End of Year	<u>\$ 14,080,595</u>	<u>\$ -</u>	<u>\$ 1,233,265</u>	<u>\$ 14,573</u>	<u>\$ 15,328,433</u>

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

**CLIFTON BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 1,681,983

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

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

Capital Outlay	\$ 3,920,632	
Depreciation Expense	<u>(4,635,211)</u>	(714,579)

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		(466,200)
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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):

Increase in Compensated Absences	(668,503)	
Increase in Pension Expense	<u>(3,518,311)</u>	(4,186,814)

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	2,282,000	
Capital Leases	<u>707,423</u>	2,989,423

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	107,072	
Amortization of Deferred Amount on Refunding	<u>(117,134)</u>	(10,062)

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>17,468</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (688,781)**

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<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	\$ 866,999		\$ 866,999
Intergovernmental Receivable			
State	7,625		7,625
Federal	168,725		168,725
Other Receivables	-	\$ 807	807
Inventories	<u>12,421</u>	<u>-</u>	<u>12,421</u>
Total Current Assets	<u>1,055,770</u>	<u>807</u>	<u>1,056,577</u>
Noncurrent Assets			
Equipment	840,544		840,544
Less: Accumulated Depreciation	<u>(716,269)</u>	<u>-</u>	<u>(716,269)</u>
Total Noncurrent Assets	<u>124,275</u>	<u>-</u>	<u>124,275</u>
Total Assets	<u>1,180,045</u>	<u>807</u>	<u>1,180,852</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Salaries	21,500	-	21,500
Due to Other Funds	<u>265,889</u>	<u>-</u>	<u>265,889</u>
Total Current Liabilities	<u>287,389</u>	<u>-</u>	<u>287,389</u>
Total Liabilities	<u>287,389</u>	<u>-</u>	<u>287,389</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>721</u>	<u>-</u>	<u>721</u>
Total Liabilities and Deferred Inflows of Resources	<u>288,110</u>	<u>-</u>	<u>288,110</u>
NET POSITION			
Investment in Capital Assets	124,275		124,275
Unrestricted	<u>767,660</u>	<u>\$ 807</u>	<u>768,467</u>
Total Net Position	<u>\$ 891,935</u>	<u>\$ 807</u>	<u>\$ 892,742</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, 2017**

	<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		\$ 624,330	\$ 624,330
Daily Sales - Reimbursable	\$ 411,972		411,972
Daily Sales - Nonreimbursable	525,524		525,524
Special Functions - Nonreimbursable	167,343		167,343
Miscellaneous	608	-	608
Total Operating Revenues	<u>1,105,447</u>	<u>624,330</u>	<u>1,729,777</u>
OPERATING EXPENSES			
Cost of Sales - Reimbursable	1,546,133		1,546,133
Cost of Sales - Nonreimbursable	79,489		79,489
Salaries and Employee Benefits	1,944,777	541,378	2,486,155
Purchased Services	576,894	39,035	615,929
Supplies and Materials	223,784	4,244	228,028
Miscellaneous	27,027	5,303	32,330
Depreciation	25,008	-	25,008
Total Operating Expenses	<u>4,423,112</u>	<u>589,960</u>	<u>5,013,072</u>
Operating Income/(Loss)	<u>(3,317,665)</u>	<u>34,370</u>	<u>(3,283,295)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	55,673		55,673
Federal Sources			
School Breakfast Program	412,547		412,547
National School Lunch Program	2,432,757		2,432,757
Child and Adult Food Program	93,252		93,252
After School Snack/ Seemless Summer Options Program	20,065		20,065
Food Distribution Program - Non Cash Assistance	213,461		213,461
Local Sources			
Local Programs	5,000		5,000
Interest and Investment Revenue	1,586	-	1,586
Total Nonoperating Revenues	<u>3,234,341</u>	<u>-</u>	<u>3,234,341</u>
Change in Net Position	(83,324)	34,370	(48,954)
Total Net Position, Beginning of Year (Deficit)	<u>975,259</u>	<u>(33,563)</u>	<u>941,696</u>
Total Net Position, End of Year	<u>\$ 891,935</u>	<u>807</u>	<u>\$ 892,742</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, 2017**

	<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	\$ 1,189,540	\$ 634,123	\$ 1,823,663
Cash Payments for Employees' Salaries and Benefits	(1,935,277)	(541,378)	(2,476,655)
Cash Payments to Suppliers for Goods and Services	(2,233,440)	(49,353)	(2,282,793)
Net Cash Provided by (Used by) Operating Activities	<u>(2,979,177)</u>	<u>43,392</u>	<u>(2,935,785)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Local, State and Federal Subsidy Reimbursements	3,389,268		3,389,268
Cash Disbursed to Other Funds	(629,575)	(43,392)	(672,967)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>2,759,693</u>	<u>(43,392)</u>	<u>2,716,301</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	1,586	-	1,586
Net Cash Provided by Investing Activities	<u>1,586</u>	<u>-</u>	<u>1,586</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(217,898)	-	(217,898)
Cash and Cash Equivalents, Beginning of Year	1,084,897	-	1,084,897
Cash and Cash Equivalents, End of Year	<u>\$ 866,999</u>	<u>\$ -</u>	<u>\$ 866,999</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES			
Operating (Loss)	\$ (3,317,665)	\$ 34,370	\$ (3,283,295)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities			
Depreciation	25,008		25,008
Food Distribution Program- Non Cash Assistance	213,461		213,461
Change in Assets and Liabilities			
(Increase)/Decrease in Other Accounts Receivable	84,093	9,793	93,886
Increase/(Decrease) in Accounts Payable	2,863	(771)	2,092
Increase/(Decrease) in Deferred Commodities Revenue	721		721
(Increase)/Decrease in Inventory	12,342	-	12,342
Total Adjustments	<u>338,488</u>	<u>9,022</u>	<u>347,510</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ (2,979,177)</u>	<u>\$ 43,392</u>	<u>\$ (2,935,785)</u>
NON CASH INVESTING, INVESTING CAPITAL AND FINANCING ACTIVITIES VALUE RECEIVE - FOOD DISTRIBUTION PROGRAM			
	\$ 214,182		

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, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 255,870	\$ 64,779	\$ 1,483,104
Due from Other Funds	<u>-</u>	<u>-</u>	<u>97,442</u>
 Total Assets	 <u>255,870</u>	 <u>64,779</u>	 <u>\$ 1,580,546</u>
 LIABILITIES			
Payroll Deductions and Withholdings			\$ 1,078,234
Accrued Salaries and Wages			2,545
Due to Other Funds	97,442		400
Due to Student Groups			499,367
Intergovernmental Payable	<u>45,408</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>142,850</u>	 <u>-</u>	 <u>\$ 1,580,546</u>
 NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	 <u>\$ 113,020</u>	 <u>\$ 64,779</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, 2017**

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Employees	\$ 266,596	
District	3,111	
Donations		\$ 1,190
Investment Earnings		
Interest	<u>743</u>	<u>32</u>
Total Additions	<u>270,450</u>	<u>1,222</u>
DEDUCTIONS		
Scholarship Awards		9,595
Unemployment Claims and Contributions	<u>414,380</u>	<u>-</u>
Total Deductions	<u>414,380</u>	<u>9,595</u>
Change in Net Position	(143,930)	(8,373)
Net Position, Beginning of the Year	<u>256,950</u>	<u>73,152</u>
Net Position, End of the Year	<u>\$ 113,020</u>	<u>\$ 64,779</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, 2017**

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, summer enrichment, after summer enrichment 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 2017, the District adopted the following GASB statements as required:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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, 2017**

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 summer enrichment 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, 2017**

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 funds which are 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 funds which are organized to be self-supporting through user charges:

The *summer enrichment and extensions child care program fund* accounts for the activities of the District's summer academic enrichment programs and additional after care program during the summer which provides enriching student academics and 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, 2017**

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. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 acquisition 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 Board 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 Board has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. Accordingly, one 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. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported including the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

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, 2017

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 – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 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.)

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 2017/2018 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.

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.

CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 (Continued)

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 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, 2017 that will be appropriated 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.

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 2015-2016 and 2016-2017 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 fund, and of the summer enrichment child care 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.

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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$3,884,279. 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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. 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			
Other Purchased Services	\$ 6,500	\$ 6,628	\$ (128)
Support			
Travel	<u>2,523</u>	<u>4,386</u>	<u>(1,863)</u>
	<u>\$ 9,023</u>	<u>\$ 11,014</u>	<u>\$ (1,991)</u>

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund balance deficit of \$42,465 in the General Fund as of June 30, 2017 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2016/2017 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$42,465 in the General Fund is less than the delayed state aid payments and state aid advance payment balance at June 30, 2017.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2017 is as follows:

Balance, July 1, 2016		\$ 7,841,650
Increased by:		
Interest earnings	\$ 22,599	
Unexpended Capital Outlay Funds	505,559	
Deposits Approved by Board Resolution	<u>3,326,001</u>	
		3,854,159
Withdrawals		
Approved in District Budget	<u>3,550,000</u>	
		<u>3,550,000</u>
Balance, June 30, 2017		<u>\$ 8,145,809</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.

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.

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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, June 30, 2016		\$ 1,500,000
Increased by:		
Interest earnings	\$ 1,000	
Deposits Approved by Board Resolution	<u>500,000</u>	
		<u>501,000</u>
Withdrawals		
Approved in District Budget	<u>500,000</u>	
		<u>500,000</u>
Balance, June 30, 2017		<u>\$ 1,501,000</u>

The June 30, 2017 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 2017/18 budget includes a withdrawal from the maintenance reserve account of \$500,000.

F. Transfers to Capital Outlay

During the 2016/2017 school year, the district transferred \$167,265 to only the equipment capital outlay accounts.

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, 2017 is \$900,000. The total of amount \$900,000 will be appropriated in the 2018/2019 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), National Credit Union Share Insurance Fund (NCUSIF), 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, 2017**

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. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$14,188,299 and bank and brokerage firm balances of the Board's deposits amounted to \$17,867,548. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 17,867,548</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, 2017 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, 2017, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2017 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	\$ 105,134				\$ 807	\$ 105,941
Intergovernmental						
Federal	30,708	\$ 2,830,359		\$ 168,725		3,029,792
State	985,731		\$ 1,225,203	7,625		2,218,559
Local	<u>100,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,846</u>
Net Total Receivables	<u>\$ 1,222,419</u>	<u>\$ 2,830,359</u>	<u>\$ 1,225,203</u>	<u>\$ 176,350</u>	<u>\$ 807</u>	<u>\$ 5,455,138</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 35,364
Capital Projects Fund	
Unrealized School Facilities Grant	<u>551,511</u>
Total Unearned Revenues for Governmental Funds	<u>\$ 586,875</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, <u>June 30, 2017</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 8,374,289				\$ 8,374,289
Construction in Progress	<u>1,056,799</u>	<u>\$ 18,819</u>	<u>-</u>	<u>\$ (980,482)</u>	<u>95,136</u>
Total Capital Assets, Not Being Depreciated	<u>9,431,088</u>	<u>18,819</u>	<u>-</u>	<u>(980,482)</u>	<u>8,469,425</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,638,434	1,162,627		80,469	2,881,530
Building and Building Improvements	114,431,271	1,658,061		900,013	116,989,345
Machinery and Equipment	<u>8,433,139</u>	<u>1,081,125</u>	<u>\$ (95,671)</u>	<u>-</u>	<u>9,418,593</u>
Total Capital Assets Being Depreciated	<u>124,502,844</u>	<u>3,901,813</u>	<u>(95,671)</u>	<u>980,482</u>	<u>129,289,468</u>
Less Accumulated Depreciation for:					
Land Improvements	(1,216,579)	(99,300)			(1,315,879)
Building and Building Improvements	(55,612,230)	(4,019,584)			(59,631,814)
Machinery and Equipment	<u>(6,684,629)</u>	<u>(516,327)</u>	<u>95,671</u>	<u>-</u>	<u>(7,105,285)</u>
Total Accumulated Depreciation	<u>(63,513,438)</u>	<u>(4,635,211)</u>	<u>95,671</u>	<u>-</u>	<u>(68,052,978)</u>
Total Capital Assets, Being Depreciated, Net	<u>60,989,406</u>	<u>(733,398)</u>	<u>-</u>	<u>980,482</u>	<u>61,236,490</u>
Governmental Activities Capital Assets, Net	<u>\$ 70,420,494</u>	<u>\$ (714,579)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,705,915</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance July 1, 2016	Increases	Decreases	Balance, June 30, 2017
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 840,544	-	-	\$ 840,544
Total Capital Assets Being Depreciated	<u>840,544</u>	<u>-</u>	<u>-</u>	<u>840,544</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(691,261)</u>	\$ (25,008)	-	<u>(716,269)</u>
Total Accumulated Depreciation	<u>(691,261)</u>	<u>(25,008)</u>	<u>-</u>	<u>(716,269)</u>
Total Capital Assets, Being Depreciated, Net	<u>149,283</u>	<u>(25,008)</u>	\$ -	<u>124,275</u>
Business-Type Activities Capital Assets, Net	<u>\$ 149,283</u>	<u>\$ (25,008)</u>	<u>\$ -</u>	<u>\$ 124,275</u>

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

Governmental activities:

Instruction	
Regular	\$ 69,897
Total Instruction	<u>69,897</u>
Support Services	
Student and instruction related services	164,700
General administration services	18,394
School administration services	19,416
Operations and maintenance of plant	4,149,147
Student transportation	196,111
Central Services	<u>17,546</u>
Total Support Services	<u>4,565,314</u>
Total depreciation expense - governmental activities	<u>\$ 4,635,211</u>
Business-type activities:	
Food Service Fund	<u>\$ 25,008</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Roof Replacement at School #16	\$ 832,592	\$ 19,992
Softball Field Renovations at Christopher Columbus Middles School		614,900
Stair Door Replacements at School #8		94,800
Window Replacement at Schools #14 and #16	967,100	<u>130,900</u>
		<u>\$ 860,592</u>

The District has other significant commitments at June 30, 2017 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
Purchase of Chromebooks for Students and Teachers	<u>\$ 525,243</u>

E. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 1,902,470
General Fund	Capital Projects Fund	1,527
General Fund	Food Service Fund	265,889
General Fund	Payroll Agency	400
Payroll Agency	Unemployment	<u>97,442</u>
Total		<u>\$ 2,267,728</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, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2017 were \$324,465. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 324,465
2019	<u>324,465</u>
Total	<u>\$ 648,930</u>

Capital Leases

The District is leasing student transportation buses and technology upgrades totaling \$3,077,644 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, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 657,358
2019	263,251
2020	179,070
2021	<u>97,643</u>
Total minimum lease payments	1,197,322
Less: amount representing interest	<u>42,027</u>
Present value of minimum lease payments	<u>\$ 1,155,295</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$7,410,000, 2013 Refunding Bonds, due in an annual installment of \$590,000 to \$810,000 through March 1, 2025 interest at 4.00%	\$ 6,125,000
\$2,530,000, 2015 Refunding Bonds, due in an annual installment of \$810,000 due December 15, 2017 interest at 1.30%	<u>810,000</u>
	<u>\$ 6,935,000</u>

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>	
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	805,000	127,000	932,000
2023-2026	<u>2,370,000</u>	<u>188,400</u>	<u>2,558,400</u>
	<u>\$ 6,935,000</u>	<u>\$ 1,137,265</u>	<u>\$ 8,072,265</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 378,186,394
Less: Net Debt	<u>6,935,000</u>
Remaining Borrowing Power	<u>\$ 371,251,394</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, was as follows:

	Balance, <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2017</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 9,217,000		\$ 2,282,000	\$ 6,935,000	\$ 1,400,000
Deferred Amounts					
Add: Original Issue Premium	<u>510,888</u>	<u>-</u>	<u>107,072</u>	<u>403,816</u>	<u>-</u>
Total Bonds Payable	9,727,888	-	2,389,072	7,338,816	1,400,000
Capital Leases	1,396,518	\$ 466,200	707,423	1,155,295	632,885
Compensated Absences	5,517,001	1,367,311	698,808	6,185,504	
Net Pension Liability	<u>41,754,757</u>	<u>13,689,123</u>	<u>1,614,644</u>	<u>53,829,236</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 58,396,164</u>	<u>\$ 15,522,634</u>	<u>\$ 5,409,947</u>	<u>\$ 68,508,851</u>	<u>\$ 2,032,885</u>

For the governmental activities, 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, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

PIPNJ provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance 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>
2017	\$ 3,111	\$ 266,596	\$ 414,380	\$ 113,020
2016	3,050	260,531	292,203	256,950
2015		258,633	310,153	284,907

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, 2017, 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, 2017, the District 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, 2017**

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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. 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, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 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, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively 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>
2017	\$ 1,614,644	\$ 7,842,886	\$ 82,586
2016	1,661,393	5,589,800	57,657
2015	1,444,633	3,673,828	51,251

In addition for fiscal year 2016/2017 the District contributed \$8,563 for PERS and the State contributed \$24,378 for TPAF for Long Term Disability Insurance Premium (LTDI).

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 \$5,220,649 during the fiscal year ended June 30, 2017 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, 2017**

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, 2017, the District reported in the statement of net position (accrual basis) a liability of \$53,829,236 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportionate share was .18175 percent, which was decrease of .00425 percent from its proportionate share measured as of June 30, 2015 of .18600 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,132,955 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,001,061	
Changes of Assumptions	11,150,542	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,052,558	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,096,133</u>	<u>\$ 1,206,913</u>
Total	<u>\$ 15,300,294</u>	<u>\$ 1,206,913</u>

At June 30, 2017, the 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>	<u>Total</u>
2018	\$ 3,147,893
2019	3,147,893
2020	3,147,893
2021	3,147,893
2022	1,501,809
Thereafter	<u>-</u>
	<u>\$ 14,093,381</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>65,961,446</u>	\$ <u>53,829,236</u>	\$ <u>43,813,045</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS 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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$41,266,462 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$549,222,947. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .69817 percent, which was an increase of .01864 percent from its proportionate share measured as of June 30, 2015 of .67953 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

TPAF

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22% 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 655,894,937</u>	<u>\$ 549,222,947</u>	<u>\$ 462,111,501</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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, 2017**

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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 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, 2017**

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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$6,534,908, \$6,655,907 and \$5,832,206, 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.

F. Tax Abatements

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

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

F. Tax Abatements (Continued)

For the year ended December 31, 2016, the City provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law").

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) to the municipality in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the year ended December 31, 2016 the City abated property taxes totaling \$1,950,897 under the LTTE program of which \$913,625 represents the District's share.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 128,445,731		\$ 128,445,731	\$ 128,445,731	
Interest Earned on Maintenance Reserve	1,000		1,000	1,000	
Interest Earned on Capital Reserve	7,000		7,000	22,599	\$ 15,599
Tuition				841,623	841,623
Miscellaneous	800,000	-	800,000	825,671	25,671
Sub-Total Local Sources	<u>129,253,731</u>	<u>-</u>	<u>129,253,731</u>	<u>130,136,624</u>	<u>882,893</u>
State Sources					
Special Education Aid	6,684,519		6,684,519	6,684,519	
Equalization Aid	17,638,485		17,638,485	17,638,485	
Security Aid	867,934		867,934	867,934	
Transportation Aid	551,845		551,845	551,845	
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	
Professional Learning Community Aid	110,120		110,120	110,120	
Extraordinary Aid	730,000		730,000	801,420	71,420
Nonpublic Transportation Aid				120,101	120,101
On-behalf TPAF Pension Contrib. (Non-budgeted)					
Normal				7,568,656	7,568,656
NCGI				274,230	274,230
Post-Retirement Medical Contribution				6,534,908	6,534,908
Long-Term Disability Insurance				24,378	24,378
Reimbursed TPAF Social Security Contr. (Non-budgeted)	-	-	-	5,220,649	5,220,649
Sub-Total State Sources	<u>27,308,363</u>	<u>-</u>	<u>27,308,363</u>	<u>47,122,705</u>	<u>19,814,342</u>
Federal Sources					
ARRA - Medicaid Reimbursement				23,382	23,382
Medicaid Reimbursement	307,054	-	307,054	405,236	98,182
Sub-Total Federal Sources	<u>307,054</u>	<u>-</u>	<u>307,054</u>	<u>428,618</u>	<u>121,564</u>
Total Revenues	<u>156,869,148</u>	<u>-</u>	<u>156,869,148</u>	<u>177,687,947</u>	<u>20,818,799</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	2,593,755	(344,300)	2,249,455	2,236,746	12,709
Grades 1-5	16,392,252	(441,722)	15,950,530	15,948,698	1,832
Grades 6-8	10,985,472	(38,000)	10,947,472	10,940,444	7,028
Grades 9-12	13,459,250	(871,000)	12,588,250	12,550,590	37,660
Regular Programs - Home Instruction					
Salaries of Teachers	90,000	11,500	101,500	100,596	904
Purchased Professional-Educational Services	90,000	(15,000)	75,000	42,015	32,985
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	237,600	35,628	273,228	184,855	88,373
Purchased Technical Services	499,067	(5,000)	494,067	369,645	124,422
Other Purchased Services	7,000	(500)	6,500	1,839	4,661
General Supplies	1,992,248	592,768	2,585,016	1,889,507	695,509
Textbooks	582,496	392,616	975,112	500,573	474,539
Other Objects	-	5,500	5,500	3,125	2,375
Total Regular Programs	<u>46,929,140</u>	<u>(677,510)</u>	<u>46,251,630</u>	<u>44,768,633</u>	<u>1,482,997</u>
Special Education					
Cognitive - Moderate					
Salaries of Teachers	148,341	5,429	153,770	146,446	7,324
Other Purchased Services	1,500	-	1,500	901	599
General Supplies	657	188	845	837	8
Textbooks	200	-	200	-	200
Total Cognitive - Moderate	<u>150,698</u>	<u>5,617</u>	<u>156,315</u>	<u>148,184</u>	<u>8,131</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	\$ 2,671,785	\$ (10,234)	\$ 2,661,551	\$ 2,656,850	\$ 4,701
Other Salaries for Instruction	1,035,928	24,500	1,060,428	1,060,197	231
General Supplies	10,125	339	10,464	10,191	273
Textbooks	2,703	-	2,703	1,094	1,609
Total Learning/Language Disabilities	3,720,541	14,605	3,735,146	3,728,332	6,814
Behavioral Disabilities					
Salaries of Teachers	686,778	(185,000)	501,778	490,996	10,782
Other Salaries for Instruction	215,093	-	215,093	211,609	3,484
Other Purchased Services	1,211	-	1,211	552	659
General Supplies	2,998	-	2,998	2,682	316
Total Behavioral Disabilities	906,080	(185,000)	721,080	705,839	15,241
Multiple Disabilities					
Salaries of Teachers	753,464	(70,969)	682,495	682,160	335
Other Purchased Services	500	-	500	270	230
General Supplies	1,043	-	1,043	1,043	-
Total Multiple Disabilities	755,007	(70,969)	684,038	683,473	565
Resource Room/Resource Center					
Salaries of Teachers	5,289,251	(252,010)	5,037,241	4,969,035	68,206
General Supplies	8,640	225	8,865	8,662	203
Total Resource Room/Resource Center	5,297,891	(251,785)	5,046,106	4,977,697	68,409
Autism					
Salaries of Teachers	235,383	169,650	405,033	350,750	54,283
Other Salaries for Instruction	312,875	(41,000)	271,875	251,303	20,572
General Supplies	6,480	-	6,480	4,666	1,814
Total Autism	554,738	128,650	683,388	606,719	76,669
Preschool Disabilities - Part - Time					
Salaries of Teachers	1,330,727	(594,900)	735,827	723,443	12,384
Other Salaries for Instruction	351,901	(42,000)	309,901	270,017	39,884
Purchased Professional Educational Services	2,182	-	2,182	949	1,233
General Supplies	3,486	1,500	4,986	4,724	262
Total Preschool Handicapped - Part - Time	1,688,296	(635,400)	1,052,896	999,133	53,763
Preschool Disabilities - Full - Time					
Salaries of Teachers	-	550,188	550,188	546,648	3,540
Total Preschool Handicapped - Full - Time	-	550,188	550,188	546,648	3,540
Home Instruction					
Salaries of Teachers	-	5,000	5,000	1,496	3,504
Purchased Professional Educational Services	-	44,500	44,500	34,906	9,594
Total Home Instruction	-	49,500	49,500	36,402	13,098
Total Special Education	13,073,251	(394,594)	12,678,657	12,432,427	246,230
Basic Skills/Remedial					
Salaries of Teachers	1,974,750	339,798	2,314,548	2,141,990	172,558
General Supplies	5,815	320	6,135	5,878	257
Total Basic Skills/Remedial	1,980,565	340,118	2,320,683	2,147,868	172,815

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 2,312,329	\$ 166,439	\$ 2,478,768	\$ 2,414,047	\$ 64,721
Other Salaries for Instruction	194,938	8,006	202,944	193,225	9,719
Purchased Professional/Educational Services	13,800	-	13,800	-	13,800
General Supplies	39,300	-	39,300	36,312	2,988
Textbooks	27,000	-	27,000	13,692	13,308
Total Bilingual Education	2,587,367	174,445	2,761,812	2,657,276	104,536
School Sponsored Co-Curricular Activities					
Salaries	316,857	73,000	389,857	378,714	11,143
Purchased Services	120,190	(19,749)	100,441	99,727	714
Supplies and Materials	1,165	-	1,165	499	666
Other Objects	-	4,920	4,920	3,318	1,602
Total School Sponsored Co-Curricular Activities	438,212	58,171	496,383	482,258	14,125
School Sponsored Athletics					
Salaries	922,371	(17,387)	904,984	866,680	38,304
Purchased Services	48,250	26,500	74,750	72,656	2,094
Supplies and Materials	114,750	(7,630)	107,120	99,738	7,382
Other Objects	153,000	(22,420)	130,580	106,290	24,290
Transfers to Cover Deficit	-	20,000	20,000	20,000	-
Total School Sponsored Athletics	1,238,371	(937)	1,237,434	1,165,364	72,070
Total - Instruction	66,246,906	(500,307)	65,746,599	63,653,826	2,092,773
Undistributed Expenditures					
Instruction					
Tuition Other LEA's Within the State - Regular	102,369	(24,000)	78,369	64,559	13,810
Tuition Other LEA's Within the State - Special	123,103	144,364	267,467	203,617	63,850
Tuition to County Vocational School - Regular	6,932,961	-	6,932,961	6,932,961	-
Tuition to County Vocational School - Special	188,290	30,329	218,619	218,416	203
Tuition to CSSD & Regional Day Schools	920,227	87,671	1,007,898	970,802	37,096
Tuition for Private Schools for the Disabled - Within State	5,853,654	(639,400)	5,214,254	4,890,636	323,618
Out of State	31,500	-	31,500	30,000	1,500
Tuition - State Facilities	-	-	-	-	-
Tuition - Other	-	-	-	-	-
Total Undistributed Expenditures - Instruction	14,152,104	(401,036)	13,751,068	13,310,991	440,077
Attendance and Social Work Services					
Salaries	228,178	33,142	261,320	253,100	8,220
Purchased Professional/Technical Services	27,500	15,842	43,342	42,893	449
Other Purchased Services	100	-	100	-	100
Supplies and Materials	6,500	(450)	6,050	3,677	2,373
Total Attendance and Social Work Services	262,278	48,534	310,812	299,670	11,142
Health Services					
Salaries	1,733,137	(41,000)	1,692,137	1,687,699	4,438
Purchased Professional and Technical Services	70,500	4,900	75,400	44,984	30,416
Other Purchased Services	500	-	500	248	252
Supplies and Materials	33,500	(4,000)	29,500	24,074	5,426
Total Health Services	1,837,637	(40,100)	1,797,537	1,757,005	40,532

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Speech OT/PT and Related Services					
Salaries	\$ 1,957,276	\$ 181,151	\$ 2,138,427	\$ 2,136,887	\$ 1,540
Purchased Professional- Educational Services	433,200	(313,377)	119,823	119,304	519
Supplies and Materials	6,391	4,374	10,765	10,521	244
Other Objects	-	400	400	279	121
Total Speech, OT/PT & Related Serv.	<u>2,396,867</u>	<u>(127,452)</u>	<u>2,269,415</u>	<u>2,266,991</u>	<u>2,424</u>
Other Support Services - Students Extra Serv.					
Salaries	2,287,965	513,389	2,801,354	2,800,999	355
Purchased Professional/Educational Services	1,075,376	151,850	1,227,226	1,219,556	7,670
Supplies and Materials	800	-	800	-	800
Other Objects	5,000	-	5,000	-	5,000
Total Other Support Serv. - Students Extra Serv.	<u>3,369,141</u>	<u>665,239</u>	<u>4,034,380</u>	<u>4,020,555</u>	<u>13,825</u>
Guidance					
Salaries of Other Professional Staff	2,609,818	125,862	2,735,680	2,604,995	130,685
Salaries of Secretarial and Clerical Staff	326,745	2,282	329,027	298,899	30,128
Other Salaries	23,900	331	24,231	19,699	4,532
Purchased Professional/Educational Services	-	-	-	-	-
Other Purchased Professional/Technical Services	28,000	-	28,000	22,714	5,286
Other Purchased Services	6,000	-	6,000	1,844	4,156
Supplies and Materials	16,531	-	16,531	14,612	1,919
Total Guidance	<u>3,010,994</u>	<u>128,475</u>	<u>3,139,469</u>	<u>2,962,763</u>	<u>176,706</u>
Child Study Teams					
Salaries of Other Professional Staff	1,889,403	1,380,448	3,269,851	3,225,130	44,721
Salaries of Secretarial and Clerical Staff	53,674	152,641	206,315	200,563	5,752
Purchased Professional/Educational Services	70,000	-	70,000	33,521	36,479
Other Purchased Professional/Technical Services	31,000	-	31,000	15,510	15,490
Miscellaneous Purchased Services	5,500	-	5,500	3,549	1,951
Supplies and Materials	34,700	-	34,700	10,879	23,821
Total Child Study Teams	<u>2,084,277</u>	<u>1,533,089</u>	<u>3,617,366</u>	<u>3,489,152</u>	<u>128,214</u>
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	580,714	7,000	587,714	567,949	19,765
Salaries of Secretarial and Clerical Staff	40,734	1,162	41,896	39,710	2,186
Purchased Professional/Education Services	115,000	1,138	116,138	116,137	1
Supplies and Materials	10,800	-	10,800	5,955	4,845
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	<u>747,248</u>	<u>9,300</u>	<u>756,548</u>	<u>729,751</u>	<u>26,797</u>
Educational Media Services/School Library					
Salaries	1,154,861	(33,449)	1,121,412	1,074,252	47,160
Salaries of Technology Coordinators	127,529	4,750	132,279	126,906	5,373
Purchased Professional/Technical Services	119,900	-	119,900	102,257	17,643
Other Purchased Services	1,000	-	1,000	-	1,000
Supplies and Materials	187,627	14	187,641	128,007	59,634
Total Educational Media Services/School Library	<u>1,590,917</u>	<u>(28,685)</u>	<u>1,562,232</u>	<u>1,431,422</u>	<u>130,810</u>
Instructional Staff Training Services					
Purchased Professional Educational Services	160,000	-	160,000	155,496	4,504
Total Instructional Staff Training Services	<u>160,000</u>	<u>-</u>	<u>160,000</u>	<u>155,496</u>	<u>4,504</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 599,339	\$ 29,509	\$ 628,848	\$ 626,358	\$ 2,490
Legal Services	285,000	-	285,000	153,508	131,492
Audit Fees	68,000	50,000	118,000	62,190	55,810
Other Purchased Professional Services	77,000	60,000	137,000	80,132	56,868
Purchased Technical Services	174,810	(36,500)	138,310	111,741	26,569
Communications/Telephone	495,000	39,970	534,970	461,563	73,407
BOE Other Purchased Services	6,000	-	6,000	3,838	2,162
Misc. Purchased Services	727,100	76,283	803,383	802,409	974
General Supplies	12,000	-	12,000	8,028	3,972
BOE In-House Training/Meeting Supplies	1,300	-	1,300	1,056	244
Miscellaneous Expenditures	4,000	8,000	12,000	11,318	682
BOE Membership Dues and Fees	28,500	-	28,500	26,763	1,737
Total Support Services General Administration	2,478,049	227,262	2,705,311	2,348,904	356,407
School Administration					
Salaries of Principals/Assistant Principals	3,576,187	89,440	3,665,627	3,532,476	133,151
Salaries of Other Professional Staff	903,176	10,823	913,999	900,892	13,107
Salaries of Secretarial and Clerical Assistants	1,181,286	112,811	1,294,097	1,217,007	77,090
Other Salaries	14,943	-	14,943	-	14,943
Purchased Professional and Technical Services	155,057	-	155,057	117,346	37,711
Other Purchased Services	20,000	2,000	22,000	20,196	1,804
Supplies and Materials	129,465	(2,000)	127,465	94,750	32,715
Other Objects	-	-	-	-	-
Total School Administration	5,980,114	213,074	6,193,188	5,882,667	310,521
Central Services					
Salaries	945,688	(53,369)	892,319	891,655	664
Purchased Technical Services	106,000	(22,000)	84,000	60,846	23,154
Miscellaneous Purchased Services	4,500	-	4,500	2,202	2,298
Supplies and Materials	33,000	-	33,000	14,769	18,231
Interest on Lease Purchase Agreements	-	1,715	1,715	1,714	1
Miscellaneous Expenditures	3,500	-	3,500	1,375	2,125
Total Central Services	1,092,688	(73,654)	1,019,034	972,561	46,473
Administrative Information Technology					
Salaries	274,862	11,471	286,333	274,861	11,472
Purchased Technical Services	759,030	(149,500)	609,530	467,703	141,827
Supplies and Materials	65,800	-	65,800	35,689	30,111
Total Administrative Information Technology	1,099,692	(138,029)	961,663	778,253	183,410
Required Maintenance for School Facilities					
Salaries	576,177	(34,088)	542,089	518,237	23,852
Cleaning, Repair and Maintenance Services	314,000	377,272	691,272	630,159	61,113
General Supplies	209,000	(5,000)	204,000	202,299	1,701
Total Required Maintenance for School Facilities	1,099,177	338,184	1,437,361	1,350,695	86,666

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 4,231,408	\$ 12,441	\$ 4,243,849	\$ 4,115,578	\$ 128,271
Purchased Professional and Technical Services	300,000	42,884	342,884	239,725	103,159
Cleaning, Repair and Maintenance Services	263,700	(65,000)	198,700	161,953	36,747
Rental of Land/Bldg. Other than Lease Pur.Agrmt.	122,870	50	122,920	122,870	50
Other Purchased Property Services	3,000	-	3,000	-	3,000
Insurance	148,611	-	148,611	141,261	7,350
Miscellaneous Purchased Services	7,000	-	7,000	5,915	1,085
General Supplies	342,000	30,500	372,500	348,830	23,670
Energy (Natural Gas)	809,915	19,208	829,123	550,834	278,289
Energy (Electricity)	1,520,749	(533,517)	987,232	964,517	22,715
Other Objects	25,800	-	25,800	22,467	3,333
Total Custodial Services	7,775,053	(493,434)	7,281,619	6,673,950	607,669
Care & Upkeep of Grounds					
Salaries	261,023	3,618	264,641	248,429	16,212
Cleaning, Repair and Maintenance Services	8,000	18,500	26,500	26,024	476
General Supplies	30,000	-	30,000	21,090	8,910
Total Care & Upkeep of Grounds	299,023	22,118	321,141	295,543	25,598
Security					
Purchased Professional and Technical Services	200,000	(25,000)	175,000	55,061	119,939
Cleaning, Repair and Maintenance Services	-	15,000	15,000	5,712	9,288
General Supplies	-	10,000	10,000	7,280	2,720
Total Security	200,000	-	200,000	68,053	131,947
Student Transportation Services					
Salaries of Non-Instructional Aides	931,229	70,391	1,001,620	955,519	46,101
Salaries for Pupil Transportation (Between Home and School) - Regular	565,330	316,774	882,104	804,051	78,053
Salaries for Pupil Transportation (Between Home and School) - Special	884,773	(147,109)	737,664	694,227	43,437
Salaries for Pupil Transportation (Other Than Between Home and School)	133,610	38,589	172,199	143,033	29,166
Management Fee - ESC & CTSA Transportation	76,497	17,500	93,997	77,841	16,156
Other Purchased Professional/Technical Services	26,500	-	26,500	24,114	2,386
Cleaning, Repair and Maintenance Services	10,000	-	10,000	7,990	2,010
Lease Purchase Payments - School Buses	261,133	80,189	341,322	336,333	4,989
Contracted Services-Aid in Lieu of Payments- Non-Public Schools	630,000	15,484	645,484	573,753	71,731
Contracted Services-Aid in Lieu of Payments- Charter Schools	-	90,000	90,000	77,350	12,650
Contracted Services (Other than Between Home & School)- Vendors	80,000	65,000	145,000	142,225	2,775
Contracted Services (Regular Students) - ESCs& CTSA	793,788	35,500	829,288	715,625	113,663
Contracted Services (Spl. Ed. Students) - ESCs& CTSA	1,426,538	806,500	2,233,038	1,820,079	412,959
Miscellaneous Purchased Services - Transportation	42,600	-	42,600	35,989	6,611
Supplies and Materials	340,000	(2,000)	338,000	206,399	131,601
Transportation Supplies	39,500	-	39,500	30,083	9,417
Total Student Transportation Services	6,241,498	1,386,818	7,628,316	6,644,611	983,705

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 2,000,000	\$ 27,000	\$ 2,027,000	\$ 2,026,799	\$ 201
Other Retirement Contributions	1,758,390	3,219	1,761,609	1,761,115	494
Unemployment Compensation		3,111	3,111	3,111	-
Workmen's Compensation	776,000	-	776,000	724,361	51,639
Health Benefits	25,905,146	(2,856,350)	23,048,796	23,039,892	8,904
Tuition Reimbursement	70,000	14,000	84,000	83,650	350
Other Employee Benefits	2,996,564	190,989	3,187,553	3,030,427	157,126
Total Unallocated Benefits	33,506,100	(2,618,031)	30,888,069	30,669,355	218,714
Interest - Deposit to Maintenance Reserve	1,000	-	1,000	-	1,000
On-behalf TPAF Pension Contr. (Non-budgeted)					
Normal				7,568,656	(7,568,656)
NCGI				274,230	(274,230)
Post-Retirement Medical Costs				6,534,908	(6,534,908)
Long-Term Disability Insurance				24,378	(24,378)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	5,220,649	(5,220,649)
Total Undistributed Expenditures	89,383,857	651,672	90,035,529	105,731,209	(15,695,680)
Total Current Expenditures	155,630,763	151,365	155,782,128	169,385,035	(13,602,907)
CAPITAL OUTLAY					
Equipment					
Instruction					
Grades 1-5	33,100	20,500	53,600	53,348	252
Grades 6-8	35,000	22,000	57,000	35,000	22,000
Grades 9-12	511,300	24,000	535,300	534,653	647
School-Sponsored and Other Instructional Program Undistributed Expenditures		12,630	12,630	12,619	11
Health Services		-	-	-	-
General Administration		-	-	-	-
School Administration	-	72,735	72,735	72,735	-
Required Maintenance of School Facilities		94,885	94,885	94,873	12
Non Instructional Equipment					
Lease Purchase Agreement - Principal		95,930	95,930	95,929	1
Student Transportation Services		2,500	2,500	2,455	45
School Buses - Regular	-	-	-	-	-
School Buses - Special	96,000	(95,930)	70	-	70
Total Equipment	675,400	249,250	924,650	901,612	23,038
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	108,500	(108,500)	-	-	-
Other Purchased Prof. and Tech. Services		221,348	221,348	100,893	120,455
Construction Services	3,441,500	570,410	4,011,910	2,722,070	1,289,840
Assessment for Debt Service on SDA Funding	130,701	-	130,701	130,701	-
Total Facilities Acquis. and Const. Services	3,680,701	683,258	4,363,959	2,953,664	1,410,295

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	-	-	-	\$ 466,200	\$ (466,200)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	466,200	(466,200)
Interest Deposit to Capital Reserve	\$ 7,000	-	\$ 7,000	-	7,000
Total Capital Outlay	4,363,101	\$ 932,508	5,295,609	4,321,476	974,133
Transfer Funds to Charter School	2,675,481	(172,494)	2,502,987	2,385,561	117,426
Total Expenditures	162,669,345	911,379	163,580,724	176,092,072	(12,511,348)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,800,197)	(911,379)	(6,711,576)	1,595,875	8,307,451
Other Financing Sources (Uses)					
Capital Leases (Non-Budgeted)	-	-	-	466,200	466,200
Total Other Financing Sources(Uses)	-	-	-	466,200	466,200
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,800,197)	(911,379)	(6,711,576)	2,062,075	8,773,651
Fund Balances, Beginning of Year	15,372,567	-	15,372,567	15,372,567	-
Fund Balances, End of Year	\$ 9,572,370	\$ (911,379)	\$ 8,660,991	\$ 17,434,642	\$ 8,773,651
Recapitulation					
Restricted Fund Balance					
Excess Surplus				\$ 900,000	
Capital Reserve				8,145,809	
Maintenance Reserve				1,001,000	
Maintenance Reserve- Designated for Subsequent Year's Expenditures				500,000	
Committed Fund Balance					
Year-End Encumbrances				1,516,704	
Assigned Fund Balance					
Year-End Encumbrances				536,165	
Designated for Subsequent Year's Expenditures				1,500,000	
ARRA/SEMI-Designated for Subsequent Year's Expenditures				23,382	
Unassigned Fund Balance				3,311,582	
Budgetary Fund Balance				17,434,642	
Reconciliation to Governmental Funds statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis			\$ 2,552,627		
Extraordinary Aid not recognized on a GAAP Basis			801,420		
				3,354,047	
Fund Balances Per Governmental Funds (GAAP)				\$ 14,080,595	

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 606,033	\$ 197,627	\$ 803,660	\$ 712,573	\$ (91,087)
Federal	9,039,617	2,735,401	11,775,018	10,156,067	(1,618,951)
Local Sources					
Miscellaneous	-	39,872	39,872	4,508	(35,364)
Total Revenues	<u>9,645,650</u>	<u>2,972,900</u>	<u>12,618,550</u>	<u>10,873,148</u>	<u>(1,745,402)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	5,875,249	(2,645,483)	3,229,766	2,959,487	270,279
Other Salaries for Instruction		293,770	293,770	293,504	266
Purchased Professional/Technical Services		176,510	176,510	149,179	27,331
Purchased Professional/Educational Services		800	800	800	-
Purchased Professional Services		-	-	-	-
Other Purchased Services		6,500	6,500	6,628	(128)
Tuition		2,259,321	2,259,321	1,644,315	615,006
General Supplies	56,891	249,978	306,869	245,792	61,077
Miscellaneous Expenditures		14,364	14,364	14,309	55
Textbooks	55,914	7,778	63,692	60,075	3,617
Total Instruction	<u>5,988,054</u>	<u>363,538</u>	<u>6,351,592</u>	<u>5,374,089</u>	<u>977,503</u>
Support Services					
Salaries of Teachers		9,800	9,800		9,800
Salaries of Supervisors of Instruction		87,000	87,000	83,462	3,538
Salaries of Principal, Asst. Principals & Directors		114,243	114,243	99,349	14,894
Salaries of Other Professional Staff	-	463,341	463,341	421,214	42,127
Salaries of Secretarial and Clerical Asst.	256,481	(135,028)	121,453	109,264	12,189
Other Salaries		60,000	60,000	52,824	7,176
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists		53,547	53,547	53,547	-
Salaries of Literacy/Math Coach		297,623	297,623	290,748	6,875
Salaries of Technology Coordinator		73,260	73,260	72,036	1,224
Personal Services- Employee Benefits		2,138,683	2,138,683	1,871,896	266,787
Purchased Prof./Educational Services	185,337	915,512	1,100,849	836,001	264,848
Purchased Professional/Technical Services	-	34,088	34,088	21,788	12,300
Purchased Educational Services - Head Start	3,107,477	(2,265,655)	841,822	840,667	1,155
Other Purchased Professional - Education Services	-	8,000	8,000	6,159	1,841
Other Purchased Professional Services		5,000	5,000	4,481	519
Other Purchased Professional and Technical Service	83,615	13,765	97,380	97,380	-
Cleaning, Repair and Maintenance Services		62,226	62,226	57,123	5,103
Rentals		253,000	253,000	245,417	7,583
Other Purchased Services	-	145,472	145,472	108,204	37,268
Contracted Services (Other Than Between Home and School) - Grant Agreements		646	646	540	106
Travel		2,523	2,523	4,386	(1,863)
Miscellaneous Purchased Services		500	500	458	42
Supplies and Materials	24,686	176,738	201,424	162,873	38,551
Other Objects	-	15,000	15,000	6,710	8,290
Total Support Services	<u>3,657,596</u>	<u>2,529,284</u>	<u>6,186,880</u>	<u>5,446,527</u>	<u>740,353</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	50,078	50,078	42,034	8,044
Non Instructional Equipment	-	30,000	30,000	10,498	19,502
Total Facilities Acquisition and Construction	<u>-</u>	<u>80,078</u>	<u>80,078</u>	<u>52,532</u>	<u>27,546</u>
Total Expenditures	<u>9,645,650</u>	<u>2,972,900</u>	<u>12,618,550</u>	<u>10,873,148</u>	<u>1,745,402</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2017**

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	\$ 177,687,947	C-2	\$ 10,873,148
Difference- Budget to GAAP				
State Aid payments and Extraordinary Aid Payment (2015/2016) recognized for GAAP Purposes not recognized for budgetary statements.		3,062,862		
Difference - Budget to GAAP:				
State Aid payments and Extraordinary Aid Payment (2016/2017) recognized for budgetary purposes, not recognized for GAAP statements		<u>(3,354,047)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	<u>177,396,762</u>	B-2	<u>\$ 10,873,148</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1	\$ 176,092,072	C-2	\$ 10,873,148
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	<u>\$ 176,092,072</u>	B-2	<u>\$ 10,873,148</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 Four Fiscal Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.18175 %	0.18600 %	0.17725 %	0.18227 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 53,829,236	\$ 41,754,757	\$ 33,186,220	\$ 34,837,087
District's Covered-Employee Payroll	\$ 12,143,859	\$ 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	443%	334%	264%	287%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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 Four Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,614,644	\$ 1,661,393	\$ 1,444,633	\$ 1,450,940
Contributions in Relation to the Contractually Required Contributions	<u>1,614,644</u>	<u>1,661,393</u>	<u>1,444,633</u>	<u>1,450,940</u>
Contribution Deficiency (Excess)	-	-	-	-
District's Covered- Employee Payroll	\$ 12,143,859	\$ 12,507,490	\$ 12,593,399	\$ 12,135,990
Contributions as a Percentage of Covered-Employee Payroll	13.30%	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 Four Fiscal Years ***

	<u>2017</u>	<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>\$ 549,222,947</u>	<u>\$ 429,496,667</u>	<u>\$ 340,101,994</u>	<u>\$ 318,957,104</u>
Total	<u>\$ 549,222,947</u>	<u>\$ 429,496,667</u>	<u>\$ 340,101,994</u>	<u>\$ 318,957,104</u>
District's Covered-Employee Payroll	\$ 70,013,920	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	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, 2017**

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, 2017**

NOT APPLICABLE

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES
ALLOCATED BY RESOURCE TYPE - ACTUAL
AS OF JUNE 30, 2017**

NOT APPLICABLE

EXHIBIT D-3

**SCHEDULE OF BLENDED EXPENDITURES
BUDGET AND ACTUAL
AS OF JUNE 30, 2017**

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, 2017

	NCLB Title I	NCLB Title II A	NCLB Title III	NCLB Title III Immigrant	Total Exhibit E-1 Page 2	Total Exhibit E-1 Page 3	Total Exhibit 2016
REVENUES							
Local Sources					\$ 4,508		\$ 4,508
State Sources						\$ 712,573	712,573
Federal Sources	\$ 3,351,345	\$ 318,434	\$ 247,483	\$ 4,366	6,234,439	-	10,156,067
Total Revenues	\$ 3,351,345	\$ 318,434	\$ 247,483	\$ 4,366	\$ 6,238,947	\$ 712,573	\$ 10,873,148
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 1,932,999	\$ 43,499	\$ 196,307	\$ 280	\$ 786,402		\$ 2,959,487
Other Salaries for Instruction					293,504		293,504
Purchased Professional/Technical Services	22,418				126,761		149,179
Purchased Professional/Educational Services	-				800		800
Other Purchased Services					6,628		6,628
Tuition					1,644,315		1,644,315
General Supplies	9,849		18,462	4,086	185,682	\$ 27,713	245,792
Miscellaneous Expenditure					14,309		14,309
Textbooks	-	-	-	-	-	60,075	60,075
Total Instruction	1,965,266	43,499	214,769	4,366	3,058,401	87,788	5,374,089
Support Services							
Salaries of Supervisors of Instruction					83,462		83,462
Salaries of Principal, Asst. Principals & Directors	39,390				59,959		99,349
Salaries of Other Professional Staff	51,365				369,849		421,214
Salaries of Secretarial and Clerical Asst.	33,035				57,806	18,423	109,264
Other Salaries					52,824		52,824
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists					53,547		53,547
Salaries of Literacy/Math Coach	82,380	54,920			153,448		290,748
Salaries of Technology Coordinator		72,036					72,036
Personal Services- Employee Benefits	1,111,576	109,408			650,912		1,871,896
Purchased Prof./Educational Services	42,322	14,930	11,125		356,001	411,623	836,001
Purchased Professional/Technical Services					21,788		21,788
Purchased Educational Services - Head Start					840,667		840,667
Other Purchased Professional - Education Services					6,159		6,159
Other Purchased Professional Services					4,481		4,481
Other Purchased Professional and Technical Services						97,380	97,380
Cleaning, Repair and Maintenance Services					57,123		57,123
Rentals					245,417		245,417
Other Purchased Services	25,921	23,641	1,686		9,366	47,590	108,204
Contracted Services (Other Than Between Home and School)					540		540
Travel	90				4,296		4,386
Miscellaneous Purchased Services					458		458
Supplies and Materials			19,903		93,201	49,769	162,873
Other Objects	-	-	-	-	6,710	-	6,710
Total Support Services	1,386,079	274,935	32,714	-	3,128,014	624,785	5,446,527
Facilities Acquisition and Construction							
Instructional Equipment	-	-	-	-	42,034	-	42,034
Non Instructional Equipment	-	-	-	-	10,498	-	10,498
Total Facilities Acquisition and Construction	-	-	-	-	52,532	-	52,532
Total Expenditures	\$ 3,351,345	\$ 318,434	\$ 247,483	\$ 4,366	\$ 6,238,947	\$ 712,573	\$ 10,873,148

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Local Programs	I.D.E.A.- Part B	I.D.E.A.- Part B- Basic Preschool	Twenty-First Century	Preschool Development - Expansion	Carl D. Perkins	Total Exhibit E-1 Page 2
REVENUES							
Local Sources	\$ 4,508						\$ 4,508
State Sources							-
Federal Sources	-	\$ 2,488,908	\$ 80,731	\$ 561,939	\$ 3,041,278	\$ 61,583	6,234,439
Total Revenues	\$ 4,508	\$ 2,488,908	\$ 80,731	\$ 561,939	\$ 3,041,278	\$ 61,583	\$ 6,238,947
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 3,780	\$ 130,751		\$ 222,118	\$ 429,753		\$ 786,402
Other Salaries for Instruction		98,781			194,723		293,504
Purchased Professional/Technical Services		16,007		110,754			126,761
Purchased Professional/Educational Services					800		800
Other Purchased Services				1,978	4,650		6,628
Tuition		1,563,584	\$ 80,731				1,644,315
General Supplies	681	14,507		6,179	112,980	\$ 51,335	185,682
Miscellaneous Expenditures	-	-	-	13,535	774	-	14,309
Total Instruction	4,461	1,823,630	80,731	354,564	743,680	51,335	3,058,401
Support Services							
Salaries of Supervisors of Instruction					83,462		83,462
Salaries of Principal, Asst. Principals & Directors		3,700		56,259			59,959
Salaries of Other Professional Staff		236,970			132,879		369,849
Salaries of Secretarial and Clerical Asst.		-		21,150	36,656		57,806
Other Salaries					52,824		52,824
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists					53,547		53,547
Salaries of Literacy/Math Coach					153,448		153,448
Personal Services- Employee Benefits		35,970		47,977	566,965		650,912
Purchased Prof./Educational Services		356,001					356,001
Purchased Professional/Technical Services				21,788	-		21,788
Purchased Educational Services - Head Start					840,667		840,667
Other Purchased Professional - Education Services					6,159		6,159
Other Purchased Professional Services					4,481		4,481
Cleaning, Repair and Maintenance Services					57,123		57,123
Rentals					245,417		245,417
Other Purchased Services		868		8,498			9,366
Contracted Services (Other Than Between Home and School)					540		540
Travel				4,296			4,296
Miscellaneous Purchased Services					458		458
Supplies and Materials	47	31,769		47,407	13,978		93,201
Other Objects	-	-	-	-	6,710	-	6,710
Total Support Services	47	665,278	-	207,375	2,255,314	-	3,128,014
Facilities Acquisition and Construction							
Instructional Equipment	-	-	-	-	31,786	10,248	42,034
Non Instructional Equipment	-	-	-	-	10,498	-	10,498
Total Facilities Acquisition and Construction	-	-	-	-	42,284	10,248	52,532
Total Expenditures	\$ 4,508	\$ 2,488,908	\$ 80,731	\$ 561,939	\$ 3,041,278	\$ 61,583	\$ 6,238,947

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ 27,713	\$ 97,380	\$ 60,075	\$ 49,769	\$ 21,928	\$ 217,342	\$ 47,590	\$ 56,018	\$ 78,022	\$ 56,736	\$ 712,573
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 27,713</u>	<u>\$ 97,380</u>	<u>\$ 60,075</u>	<u>\$ 49,769</u>	<u>\$ 21,928</u>	<u>\$ 217,342</u>	<u>\$ 47,590</u>	<u>\$ 56,018</u>	<u>\$ 78,022</u>	<u>\$ 56,736</u>	<u>\$ 712,573</u>
EXPENDITURES											
Instruction											
General Supplies	\$ 27,713										\$ 27,713
Textbooks	-	-	\$ 60,075	-	-	-	-	-	-	-	60,075
Total Instruction	<u>27,713</u>	<u>-</u>	<u>60,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,788</u>
Support Services											
Salaries of Secretarial and Clerical Asst.						\$ 18,423					18,423
Purchased Prof./Educational Services					\$ 21,928	198,919		\$ 56,018	\$ 78,022	\$ 56,736	411,623
Other Purchased Professional and Technical Services		\$ 97,380									97,380
Other Purchased Services							\$ 47,590				47,590
Supplies and Materials	-	-	-	\$ 49,769	-	-	-	-	-	-	49,769
Total Support Services	<u>-</u>	<u>97,380</u>	<u>-</u>	<u>49,769</u>	<u>21,928</u>	<u>217,342</u>	<u>47,590</u>	<u>56,018</u>	<u>78,022</u>	<u>56,736</u>	<u>624,785</u>
Total Expenditures	<u>\$ 27,713</u>	<u>\$ 97,380</u>	<u>\$ 60,075</u>	<u>\$ 49,769</u>	<u>\$ 21,928</u>	<u>\$ 217,342</u>	<u>\$ 47,590</u>	<u>\$ 56,018</u>	<u>\$ 78,022</u>	<u>\$ 56,736</u>	<u>\$ 712,573</u>

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2017</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	640,215		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	1,565,528	\$ 70,849	521,395
Video/Security Woodrow Wilson and Christopher Columbus Middle School	330,000	325,023	-	4,977
	<u>\$ 6,315,422</u>	<u>\$ 4,459,797</u>	<u>\$ 70,849</u>	<u>\$ 1,784,776</u>
Project Balances				\$ 1,784,776
Less:				
Unearned SDA Revenue				<u>(551,511)</u>
Fund Balance - GAAP Basis				<u>\$ 1,233,265</u>
<u>Analysis of Balance</u>				
Uncommitted Project Balances				<u>1,233,265</u>
				<u>\$ 1,233,265</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, 2017

Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	\$ 2,790
Facilities Acquisition and Construction Services	<u>68,059</u>
Total Expenditures and Other Financing Uses	<u>70,849</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,849)
Fund Balance, July 1, 2016 - Budgetary Basis	<u>1,855,625</u>
Fund Balance, June 30, 2017 - Budgetary Basis	<u>\$ 1,784,776</u>
Reconciliation of Fund Balance - GAAP Basis	
Fund Balance, June 30, 2017 - Budgetary Basis	\$ 1,784,776
Less Unearned Revenue - SDA Grant	<u>(551,511)</u>
Fund Balance, June 30, 2017 - GAAP Basis	<u>\$ 1,233,265</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, 2017**

	<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	1,195,640	-	1,195,640	1,195,640
	<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	1,470,618	-	1,470,618	1,612,710
	<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, 2017**

	<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	<u>628,500</u>	<u>-</u>	<u>628,500</u>	<u>628,500</u>
Total Revenues and Other Financing Sources	<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	<u>568,859</u>	<u>-</u>	<u>568,859</u>	<u>843,750</u>
Total Expenditures and Other Financing Uses	<u>640,215</u>	<u>-</u>	<u>640,215</u>	<u>1,003,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 363,285</u>	<u>\$ -</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	<u>66,000</u>
Revised Authorized Cost	<u>\$ 1,003,500</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
ELECTRICAL UPGRADES AT SCHOOL #14 AND #16
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	574,250	-	574,250	574,250
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	260,250	-	260,250	759,375
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, 2017**

	<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>1,355,263</u>	<u>1,355,263</u>
Total Revenues and Other Financing Sources	<u>2,157,772</u>	-	<u>2,157,772</u>	<u>2,157,772</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical services	157,628	\$ 2,790	160,418	352,127
Facilities Acquisition and Construction Services	<u>1,407,900</u>	<u>68,059</u>	<u>1,475,959</u>	<u>1,805,645</u>
Total Expenditures and Other Financing Uses	<u>1,565,528</u>	<u>70,849</u>	<u>1,636,377</u>	<u>2,157,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 592,244</u>	<u>\$ (70,849)</u>	<u>\$ 521,395</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	100%
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, 2017

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>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, 2017**

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, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**CLIFTON BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**CLIFTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 499,367	\$ 983,737	\$ 1,483,104
Due from Other Funds	-	97,442	97,442
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 499,367</u>	<u>\$ 1,081,179</u>	<u>\$ 1,580,546</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 1,078,234	\$ 1,078,234
Accrued Salaries and Wages		2,545	2,545
Due to Other Funds		400	400
Due to Student Groups	\$ 499,367	-	499,367
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 499,367</u>	<u>\$ 1,081,179</u>	<u>\$ 1,580,546</u>

**COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
MIDDLE SCHOOLS				
Woodrow Wilson	\$ 41,318	\$ 140,823	\$ 141,528	\$ 40,613
Christopher Columbus	<u>23,718</u>	<u>16,236</u>	<u>27,046</u>	<u>12,908</u>
Total Middle Schools	<u>65,036</u>	<u>157,059</u>	<u>168,574</u>	<u>53,521</u>
HIGH SCHOOL				
Clifton High School	<u>349,341</u>	<u>293,415</u>	<u>294,465</u>	<u>348,291</u>
OTHER				
Internal Account	80,271	486,476	487,504	79,243
Athletic Account	1,460	72,310	61,149	12,621
Athletic Hall of Fame Acct	<u>5,891</u>	<u>300</u>	<u>500</u>	<u>5,691</u>
Total Other	<u>87,622</u>	<u>559,086</u>	<u>549,153</u>	<u>97,555</u>
Total All Schools	<u>\$ 501,999</u>	<u>\$ 1,009,560</u>	<u>\$ 1,012,192</u>	<u>\$ 499,367</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipt</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
Payroll Deductions and Withholdings	\$ 979,827	\$ 44,824,453	\$ 44,726,046	\$ 1,078,234
Accrued Salaries and Wages	417	61,173,050	61,170,922	2,545
Due (from)/to Other Funds	<u>(97,376)</u>	<u>6,278,914</u>	<u>6,278,580</u>	<u>(97,042)</u>
Total	<u>\$ 882,868</u>	<u>\$ 112,276,417</u>	<u>\$ 112,175,548</u>	<u>\$ 983,737</u>

LONG-TERM DEBT

CLIFTON BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
School Improvements	5/15/2007	\$ 2,417,000				\$ 287,000		\$ 287,000	
Refunding Bonds	1/12/2012	2,812,000				550,000		550,000	
Refunding Bonds	6/4/2013	7,410,000	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%	6,725,000		600,000	\$ 6,125,000
Refunding Bonds	3/10/2015	2,530,000	12/15/2017	810,000	1.300%	<u>1,655,000</u>	\$ -	<u>845,000</u>	<u>810,000</u>
						<u>\$ 9,217,000</u>	<u>\$ -</u>	<u>\$ 2,282,000</u>	<u>\$ 6,935,000</u>
							Budget Appropriation	<u>\$ 2,282,000</u>	

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2016</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2017</u>
2013 Student Transportation (3) 54 Passenger Buses and (3) 24 Passenger Buses	2.34%	444,870	\$ 90,929		\$ 90,929	
2014 (3) 24 Passenger Buses	2.19%	160,500	71,720		32,650	\$ 39,070
2014 (3) 54 Passenger Buses	2.00%	282,375	125,767		57,370	68,397
26 Technology Upgrade/Improvements	2.70%	1,452,997	598,535		290,369	308,166
2015 (2) 54 Passenger, (2) 20 Passenger and (1) 19 Passenger Buses	2.37%	353,572	222,471		70,400	152,071
2016 (3) 24 Passenger and (2) 54 Passenger Buses	2.00%	362,000	287,096		69,776	217,320
2017 (5) 54 Passenger Buses	2.15%	466,200	-	\$ 466,200	95,929	370,271
			<u>\$ 1,396,518</u>	<u>\$ 466,200</u>	<u>\$ 707,423</u>	<u>\$ 1,155,295</u>

**CLIFTON BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 2,407,308		\$ 2,407,308	\$ 2,407,308	
State Sources					
Debt Service Aid	<u>140,439</u>	<u>-</u>	<u>140,439</u>	<u>140,439</u>	<u>-</u>
Total Revenues	<u>2,547,747</u>	<u>-</u>	<u>2,547,747</u>	<u>2,547,747</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,282,000		2,282,000	2,282,000	
Interest	<u>312,144</u>	<u>-</u>	<u>312,144</u>	<u>312,144</u>	<u>-</u>
Total Expenditures	<u>2,594,144</u>	<u>-</u>	<u>2,594,144</u>	<u>2,594,144</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(46,397)</u>	<u>-</u>	<u>(46,397)</u>	<u>(46,397)</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>60,970</u>	<u>-</u>	<u>60,970</u>	<u>60,970</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 14,573</u>	<u>\$ -</u>	<u>\$ 14,573</u>	<u>\$ 14,573</u>	<u>\$ -</u>
Recapitulation of Fund Balance:					
Restricted					
Designated for Subsequent Year's Budget				<u>\$ 14,573</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,									
	2008	2009	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016	2017
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 61,563,178
Restricted	201,124	251,808	152,608	3,990,856	6,020,388	11,900,580	15,246,242	12,705,602	10,678,395	10,894,647
Unrestricted	(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)	(41,575,795)
Total governmental activities net position	\$ 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	\$ 30,882,030
Business-type activities										
Net Investment in Capital Assets	\$ 100,099	\$ 97,834	\$ 134,696	\$ 118,590	\$ 97,993	\$ 215,922	\$ 219,498	\$ 182,189	\$ 149,283	\$ 124,275
Unrestricted	227,909	399,392	685,691	1,058,601	974,466	946,261	796,367	838,892	792,413	768,467
Total business-type activities net position	\$ 328,008	\$ 497,226	\$ 820,387	\$ 1,177,191	\$ 1,072,459	\$ 1,162,183	\$ 1,015,865	\$ 1,021,081	\$ 941,696	\$ 892,742
District-wide										
Net Investment in capital assets	\$ 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	\$ 61,687,453
Restricted	201,124	251,808	152,608	3,990,856	6,020,388	11,900,580	15,246,242	12,705,602	10,678,395	10,894,647
Unrestricted	(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)	(40,807,328)
Total district net position	\$ 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	\$ 31,774,772

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 95,246,455
Special education	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	32,519,675
Other instruction	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	12,082,008
School Sponsored Activities and Athletics	1,695,298	1,812,413	1,821,826	1,658,877	1,791,516	1,713,200	2,241,871	2,515,645	2,728,975	2,842,082
Support Services:										
Student & instruction related services	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	34,594,301
Educational Media/School Library	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	2,583,455
School Administrative services	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	11,327,771
General administration	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	3,039,213
Central Services	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	3,040,759
Plant operations and maintenance	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	17,873,434
Pupil transportation	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	9,340,738
Interest on long-term debt	1,450,344	1,306,716	1,343,236	1,010,561	989,666	968,684	873,173	535,980	534,816	468,462
Total governmental activities expenses	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	224,958,353
Business-type activities:										
Food service	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	4,423,112
Other Non Major	243,358	287,938	371,989	242,605	237,165	305,275	430,995	519,929	615,910	589,960
Total business-type activities expense	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	5,013,072
Total district expenses	\$ 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	\$ 229,971,425
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)			\$ 163,840	\$ 218,265				\$ 102,656	\$ 288,939	\$ 815,769
Support Services (tuition)										25,854
Operating grants and contributions	\$ 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	73,262,312
Capital grants and contributions	1,145,327	3,664	50,469	68,178	1,587,105	-	-	1,238,641	649,771	64,385
Total governmental activities program revenues	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	74,168,320

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Food service	\$ 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	\$ 1,104,839
Other Non Major	231,425	268,838	344,735	265,266	281,594	348,439	449,785	513,999	496,031	624,330
Operating grants and contributions	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	3,232,755
Total business type activities program revenues	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	4,961,924
Total district program revenues	\$ 37,201,827	\$ 29,192,548	\$ 34,782,241	\$ 29,541,585	\$ 32,511,389	\$ 34,476,583	\$ 34,347,543	\$ 52,462,227	\$ 62,637,835	\$ 79,130,244
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (150,790,033)
Business-type activities	53,266	144,792	291,891	352,657	113,384	88,808	(147,850)	37,787	(80,204)	(51,148)
Total district-wide net expense	\$ (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)	\$ (150,841,181)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net and for debt s	\$ 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	\$ 130,853,039
State Aid restricted for debt service	202,193	406,440	222,259	184,062	181,134	178,050	174,797	170,304	145,357	140,439
Unrestricted grants and contributions	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	18,258,504
Miscellaneous income	1,580,266	1,207,026	768,389	543,737	1,001,353	2,866,965	1,107,607	811,998	899,379	849,270
Transfers	(6,538)	(19,100)	(27,254)	-	3,962	-	-	32,836	-	-
Total governmental activities	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	150,101,252
Business-type activities:										
Investment earnings	19,538	5,326	4,016	4,137	1,312	916	1,532	265	819	1,586
Miscellaneous income	-	-	-	-	-	-	-	-	-	608
Transfers	6,538	19,100	27,254	-	(3,962)	-	-	(32,836)	-	-
Total business-type activities	26,076	24,426	31,270	4,137	(2,650)	916	1,532	(32,571)	819	2,194
Total district-wide	\$ 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	\$ 150,103,446
Change in Net Position										
Governmental activities	\$ (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	\$ (688,781)
Business-type activities	79,342	169,218	323,161	356,794	110,734	89,724	(146,318)	5,216	(79,385)	(48,954)
Total district	\$ (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	\$ (737,735)

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,263,246	\$ 494,618	\$ 1,068,024							
Unreserved	(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	\$ 10,546,809
Committed									579,811	1,516,704
Assigned				913,999	3,062,633	3,102,293	1,616,132	1,337,218	2,007,667	2,059,547
Unassigned				350,415	(97,438)	(179,677)	(185,926)	(54,937)	130,380	(42,465)
Total general fund	<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>	<u>\$ 14,080,595</u>
All Other Governmental Funds										
Reserved	\$ 8,027,449				\$ 33,413	\$ 33,412				
Unreserved	1,466,827	\$ 1,031,298	\$ 192,067							
Restricted				\$ 36,759			\$ 172,484	\$ 2,192,139	\$ 1,336,745	\$ 1,247,838
Total all other governmental funds	<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>	<u>\$ 1,247,838</u>

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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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 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	\$ 130,853,039
Tuition charges										
Miscellaneous	1,591,630	1,214,799	942,129	770,467	1,010,802	2,873,405	1,124,621	921,572	1,192,615	1,695,401
State sources	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	47,712,871
Federal sources	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	10,584,685
Total revenue	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	190,845,996
Expenditures										
Instruction										
Regular Instruction	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	77,551,798
Special education instruction	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	27,327,856
Other instruction	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	10,087,233
School sponsored activities and athletics	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	2,318,994
Support Services:										
Student & inst. related services	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	28,618,389
Attendance and Social Work	364,452	365,542	400,291	432,272	434,011	-	-	-	-	-
Educational Media/School Library	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	2,078,947
General administration	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	2,778,505
School administrative services	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	8,935,097
Central services	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	2,571,932
Plant operations and maintenance	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	11,835,529
Pupil transportation	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	8,140,010
Capital outlay	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	3,920,632
Debt service:										
Refunding bond issuance costs					58,685	100,366	-	26,068		
Advance Refunding Escrow					61,170	610,495	-			
Principal	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	2,989,423
Interest and other charges	1,462,487	1,277,416	1,146,462	1,114,920	974,132	895,237	805,306	673,270	546,453	475,868
Total expenditures	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	189,630,213
Excess (Deficiency) of revenues over (under) expenditures	(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)	1,215,783

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing sources (uses)										
Proceeds from borrowing										
Capital leases (non-budgeted)	\$ 150,634	\$ 319,784	\$ 295,849	\$ 390,219	\$ 436,632	\$ 444,870	\$ 1,452,997	\$ 353,572	\$ 362,000	\$ 466,200
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	616,819	52,356	571,829	159,574	49,824	-	445,000	3,539,489		
Transfers out	(623,357)	(71,456)	(599,083)	(159,574)	(45,862)	-	(445,000)	(3,506,653)	-	-
Total other financing sources (uses)	144,096	300,684	268,595	390,219	581,288	1,155,731	1,452,997	412,476	362,000	466,200
Net change in fund balances	\$ (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)	\$ 1,681,983
Debt service as a percentage of noncapital expenditures	3.57%	3.43%	2.54%	2.62%	2.53%	2.40%	2.49%	2.32%	1.95%	1.87%

* 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>
2008	\$ 784,780	\$ 7,029	\$ 183,807	\$ 75,546		\$ 61,273	\$ 178,066	\$ 12,846	\$ 1,303,347
2009	186,043	4,160	118,630	322,385		172,981	231,814	118,657	1,154,670
2010	89,846	11,042	95,367	211,741		173,839	297,693	40,872	920,400
2011	86,146	14,396	103,701	203,126		218,265	122,644	9,458	757,736
2012	29,301	12,763	121,933	394,779			185,030	257,501	1,001,307
2013	27,646		161,916	114,802	\$ 2,184,520		215,206	162,875	2,866,965
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
2017	74,070	4,952	154,755	239,162	126,021	841,623	183,020	67,290	1,690,893

**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
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	9,430,462,733	2.452
2017	46,004,000	3,791,752,300	292,100	12,400	802,569,600	511,371,100	140,441,800	5,292,443,300	7,199,176	5,299,642,476	9,642,113,780	2.518

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>
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
2017	2.518	1.508	1.338	5.364

Source: County Abstract of Ratables

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

Taxpayer	2017	
	Taxable Assessed Value	% of Total District Net Assessed Value
200 Main Ave LLC	\$ 48,800,000	0.92%
Castleton Assoc. LLC	40,501,500	0.76%
G1 TC Peekay Drive LLC	37,000,000	0.70%
Clifton Commons, LLC	33,509,800	0.63%
Public Service	32,017,800	0.60%
PB Nutcliff Master/Med LLC	27,713,200	0.52%
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%
	\$ 304,878,400	5.75%

	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman La Roche	\$ 132,089,200	2.48%
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	0.43%
Styertowne Shopping Center	19,527,600	0.37%
Clifpass Development	16,680,000	0.31%
Reckson Operating Part LP	15,272,700	0.29%
	\$ 372,706,000	7.01%

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	
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%	-
2017	130,853,039	130,853,039	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			
2008	\$ 31,379,000	\$ 495,753	\$ 31,874,753	77,811	410
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	85,845 *	124
2017	6,935,000	1,155,295	8,090,295	85,845 *	94

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		
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%	107
2017	6,935,000	14,573	6,920,427	0.13%	81

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, 2016
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Board of Education	\$ 8,372,000	\$ 8,372,000	
City	<u>115,889,605</u>	<u>36,232,144</u>	<u>\$ 79,657,461</u>
	<u>\$ 124,261,605</u>	<u>\$ 44,604,144</u>	79,657,461
Overlapping Debt Apportioned to the Municipality:			
Passaic County:			
County of Passaic (A)			73,146,537
Passaic County Utilities Authority- Solid Waste (A)			10,760,666
Passaic Valley Sewerage Commission (B)			19,344,057
Passaic Valley Water Commission (C)			16,036,171
North Jersey District Water Supply Commission (B)			<u>1,558,028</u>
 Total Direct and Overlapping Debt			 <u>\$ 200,502,920</u>

Source:

(1) City's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to the City by dividing the municipality's 2016 equalized value by the total 2016 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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 378,186,394
Total net debt applicable to limit	<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>	<u>6,935,000</u>
Legal debt margin	<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>	<u>\$ 371,251,394</u>
Total net debt applicable to the limit as a percentage of debt limit	7.71%	6.35%	5.69%	5.22%	4.82%	4.34%	3.70%	3.04%	2.43%	1.83%

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2016 \$ 9,584,485,971
	2015 9,331,088,369
	2014 <u>9,448,405,229</u>
	<u>\$ 28,363,979,569</u>
Average equalized valuation of taxable property	\$ 9,454,659,856
Debt limit (4 % of average equalization value)	378,186,394
Total Net Debt Applicable to Limit	<u>6,935,000</u>
Legal debt margin	<u>\$ 371,251,394</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>
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	47,189	5.8%
2016	85,845	N/A	5.0%
2017	85,845 *	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)

Employer	2017		2008	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2017</u>
Instruction										
Regular	665	684	659	642	665	682	693	703	705	702
Special education	143	135	120	121	131	143	150	152	160	167
Other special education	50	50	52	60	59	146	160	168	177	181
Vocational										
Other instruction	61	11	13	27	24	22	26	23	24	23
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	163	166	166	152	162	177	177	186	182	180
General administration	9	10	8	8	7	7	7	7	7	7
School administrative services	76	76	78	73	70	72	77	78	70	68
Other administrative services										
Central services	17	17	16	15	15	18	18	17	17	16
Administrative Information Technology	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	100	98	98	96	94	94	98	96	98	97
Pupil transportation	42	44	47	47	47	47	47	47	46	46
Other support services	33	43	55	62	72	24	24	24	24	24
Food Service	22	21	15	14	13	10	10	7	7	4
Total	1,384	1,358	1,330	1,320	1,362	1,445	1,490	1,511	1,520	1,518

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	Teaching Staff	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
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%
2017	10,891	182,244,290	16,733	2.22%	869	12.94	11.06	12.97	11,151	10,259	2.87%	92.00%

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)

	2008	2009	2010	2012	2013	2014	2015	2016	2017
District Building									
Elementary									
School No. 1 (1930)									
Square Feet	32,035	32,035	32,035	32,035	32,035	32,035	32,035	32,035	32,035
Capacity (students)	209	209	209	209	209	209	209	209	209
Enrollment	281	277	290	300	307	297	301	308	289
School No. 2 (1930)									
Square Feet	60,660	60,660	60,660	60,660	60,600	60,600	60,600	60,600	60,600
Capacity (students)	339	339	339	339	339	339	339	339	339
Enrollment ^a	355	389	428	430	419	432	439	436	411
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	269	273	285	300	319	312	292	291	298
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	174	158	151	157	165	174	168	179	176
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	340	342	367	368	376	365	384	382	368
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	198	202	219	220	232	226	217	220	233
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	274	288	309	333	342	345	325	315	325
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	445	464	469	450	461	482	500	471	468
School No. 12 (1910)									
Square Feet	69,696	69,969	69,969	69,969	69,969	69,969	69,969	69,969	69,969
Capacity (students)	441	411	411	411	411	411	411	411	411
Enrollment	581	577	585	594	664	668	661	541	574

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

	2008	2009	2010	2012	2013	2014	2015	2016	2017
<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	400	424	440	463	440	475	462	480	499
School No. 14 (1953)									
Square Feet	39,815	39,815	39,815	47,915	47,915	47,915	47,915	47,915	47,915
Capacity (students)	267	267	267	267	267	267	267	267	267
Enrollment	279	293	38	346	339	332	348	373	399
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	347	332	345	347	361	362	364	363	351
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	239	245	235	207	214	225	249	217	244
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	527	532	554	561	552	593	600	629	622
<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	1,238	1,193	1,153	1,216	1,201	1,173	1,152	1,197	1,225
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	1,154	1,224	1,303	1,346	1,295	1,263	1,218	1,205	1,187
<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	3,423	3,239	2,819	3,299	3,235	3,130	2,712	3,001	2,919

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

	2008	2009	2010	2012	2013	2014	2015	2016	2017
<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, 2017									
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>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>	<u>2017</u>
SCHOOL FACILITIES	PROJECT #										
Board of Education Building		\$ 47,450	\$ 42,994	\$ 41,155	\$ 27,053	\$ 36,082	\$ 29,801	\$ 26,843	\$ 21,398	\$ 28,309	\$ 37,528
Clifton Stadium		51,559	31,604	20,398	9,593	12,088	4,845	6,283	1,420	12,655	-
Transportation		31,990	30,385	26,443	24,657	20,918	28,127	20,164	19,862	26,754	35,555
Clifton High School	N/A	311,069	308,167	222,784	244,797	246,740	258,469	222,711	199,160	240,603	326,721
Clifton High School Annex					49,378	40,656	51,734	52,144	37,077	49,418	65,674
Woodrow Wilson Middle School	N/A	141,223	104,258	117,121	98,474	90,294	106,304	103,273	97,673	106,352	134,547
Christopher Columbus Middle School	N/A	115,536	118,698	84,449	78,121	74,594	92,079	64,681	76,951	86,894	115,478
School No. 1	N/A	33,037	35,471	24,513	30,459	20,204	23,676	21,650	30,719	22,616	30,055
School No. 2	N/A	58,220	51,582	49,520	37,714	36,972	45,171	40,140	35,699	42,824	56,901
School No. 3	N/A	47,843	45,384	41,583	34,318	31,742	35,862	29,390	41,882	32,711	43,471
School No. 4	N/A	23,074	23,860	20,380	24,938	13,384	15,801	21,752	18,632	15,094	20,059
School No. 5	N/A	49,159	41,618	42,630	35,675	32,441	37,600	29,828	37,791	35,048	46,577
School No. 8	N/A	27,983	28,622	23,242	18,283	48,389	20,568	18,718	27,195	19,647	26,110
School No. 9	N/A	47,676	45,470	36,627	33,187	35,456	38,597	31,811	28,221	36,869	48,997
School No. 11	N/A	50,968	58,837	44,086	38,550	35,100	42,086	34,458	34,960	40,201	53,427
School No. 12	N/A	72,111	53,797	49,556	45,418	39,032	51,509	46,535	42,060	54,574	65,436
School No. 12 Annex	N/A	9,814	8,396	62,488	-						
School No. 13	N/A	57,641	55,918	52,299	49,122	39,400	38,771	30,839	27,396	37,035	49,218
School No. 14	N/A	40,390	35,097	30,573	24,019	21,246	35,668	27,598	33,094	33,826	44,954
School No. 15	N/A	33,620	37,375	26,245	23,255	24,042	22,068	19,564	18,996	29,929	28,015
School No. 16	N/A	44,890	39,429	35,156	34,332	31,292	27,859	26,952	21,572	26,611	35,365
School No. 17	N/A	123,687	108,406	86,965	79,686	73,022	69,103	76,836	68,007	70,279	86,607
GRAND TOTAL		<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>	<u>\$ 1,350,695</u>

Source: District Records

CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2017

	<u>Coverage</u>	<u>Deductible</u>
Package Policy - Zurich Insurance Company		
Policy CPO370159801		
<u>Property and Casualty</u>		
Building & Contents Including Equipment Breakdown	\$ 253,712,243	\$ 5,000
Commercial General Liability	1,000,000	N/A
Boiler & Machinery Blanket Property Limit	100,000,000	1,000
Crime- Blanket Employee Dishonesty	500,000	5,000
Forgery or Alteration	50,000	1,000
Form C- Loss Inside & Outside Money & Securities	50,000	1,000
Computer Fraud	50,000	1,000
Earthquake- Blanket coverage	5,000,000	5% of Limit
Flood (Outside Zones A,V or B)	5,000,000	50,000
(Zone B)	2,000,000	100,000
(Zone A or V)	1,000,000	5,000,000
Commercial Automobile	1,000,000	
Towing and Labor		25
Comprehensive & Collision		1,000
 <u>Commercial Umbrella- American Alternative Ins. Co.</u>		
<u>Policy 60A2UB000100401</u>	Limit	Retention
	9,000,000	10,000
 <u>Excess Liability- Fireman's Fund</u>		
<u>Policy SHX-000-6940-1388</u>	50,000,000	10,000
 <u>School Board Legal Liability E&O - Darwin National Assurance</u>		
<u>Policy - 0202-0852</u>	Limit	Deductible
<u>Employment Practices Liability</u>	1,000,000	25,000
	1,000,000	75,000
 <u>Public Official Bonds-Hartford Fidelity Bonding</u>		
13BSBHL2167 Edward Appleton		
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, 2017
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
<u>Environmental Impairment Liability-Site Specific-American Cas. Ins. Co.</u>		
<i>Claims Made From</i>	Limit	Deductible
<i>Policy - EIL-004059-08-09</i>		
Each Occurrence	\$ 1,000,000	
Aggregate	10,000,000	\$ 25,000
 <u>Flood - American Bankers Ins Co of Florida</u>		
<i>Policy - 2044194300</i>	Limit	Deductible
School #16 - Building - 755 Grove St	105,000	1,000
Contents	25,000	1,000
 <u>Flood - FEMA</u>		
<i>National Flood Insurance Program</i>		
<i>Policy - 2031428846</i>		
Christopher Columbus Middle School - Building	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, PSA

**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, 2017 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 1, 2017.

Internal Control Over Financial Reporting

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

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

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

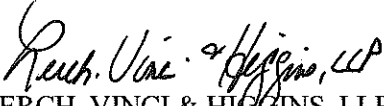
Compliance and Other Matters


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

However, we 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 1, 2017.

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 1, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

**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, 2017. 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 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal and state program is not modified with respect to these matters.

The Clifton Board of Education's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

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.

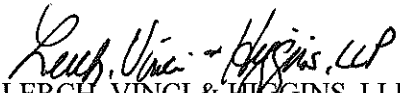
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-1 and 2017-2 that we consider to be significant deficiencies.

The Clifton Board of Education's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the responses.

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, 2017 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 1, 2017, 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 1, 2017

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2016	A/R Carryover Amount	Unearned Revenue Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment (1)	Balance, June 30, 2017			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	7/1/15-6/30/16	\$ 326,166	\$ (75,555)			\$ 75,555						
Special Education Medicaid Initiative	93.778	1705NJ5MAP	N/A	7/1/16-6/30/17	405,236				374,528	\$ 405,236		\$ (30,708)			\$ (30,708)
ARRA - Special Education Medicaid Initiative	93.778	1705NJ5MAP	N/A	4/1/09-12/31/10	23,382				23,382	23,382					
Total General Fund						(75,555)	-	-	473,465	428,618	-	(30,708)	-	-	(30,708)
U.S. Department of Agriculture															
Passed-Through State Dept. of Education															
Food Distribution Program - Non Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	214,182				214,182	213,461		\$ 721			
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	412,547				380,690	412,547		\$ (31,857)			\$ (31,857)
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	359,312	(67,469)			67,469						
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	2,432,757				2,312,122	2,432,757		(120,635)			(120,635)
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	2,325,806	(426,277)			426,277						
After School Snacks	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	20,065				19,563	20,065		(502)			(502)
After School Snacks	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	17,727	(3,594)			3,594						
Total Child Nutrition Cluster										3,078,830					
Child and Adult Food Program	10.558	171NJ304N1099	N/A	7/1/16-6/30/17	93,252				77,521	93,252		(15,731)			(15,731)
Child and Adult Food Program	10.558	16161NJ304N1099	N/A	7/1/15-6/30/16	88,557	(27,153)			27,153						
Fresh Fruits and Vegetable Program	10.582	16161NJ304L1603	N/A	7/1/15-6/30/16	33,027	(8,906)			8,906						
Total Enterprise Funds						(533,399)	-	-	3,537,477	3,172,082	-	(168,725)	721	-	(168,725)
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	(1,316,316)	\$ 548,067	\$ (548,067)	1,316,317		\$ (1)				
I.D.E.A. Part B, Basic	84.027	H027A160100	FT-1100-17	7/1/16-6/30/17	2,676,177		(548,067)	548,067	2,314,744	2,488,908		(909,500)	735,336		(174,164)
I.D.E.A. Part B, Preschool	84.173	H173A150114	PS-1100-16	7/1/15-6/30/16	82,487	(44,900)	82,410	(82,410)	44,901		(1)				
I.D.E.A. Part B, Preschool	84.173	H173A160114	PS-1100-17	7/1/16-6/30/17	83,640		(82,410)	82,410	68,469	80,731		(97,581)	85,319		(12,262)
Total Special Education Cluster (IDEA)										2,569,639					
Twenty-First Century	84.287C	S287C150030	N/A	9/1/15-8/31/16	534,585	(171,605)			273,202	101,597		(24,540)	24,540		
Twenty-First Century	84.287C	S287C160030	N/A	9/1/16-8/31/17	499,833				336,806	460,342		(163,027)	39,491		(123,536)
Total Twenty-First Century Cluster										561,939					
NCLB Title III	84.365A	S365A150030	NCLBCV-110016	7/1/15-6/30/16	156,179	(45,134)	134,372	(134,372)	48,134		(3,000)				
NCLB Title III	84.365A	S365A160030	NCLBCV-110017	7/1/16-6/30/17	183,507		(134,372)	134,372	197,955	247,483		(119,924)	70,396		(49,528)
NCLB Title III - Immigrant	84.365A	S365A160030	NCLBCV-110017	7/1/16-6/30/17	47,886				4,366	4,366		(47,886)	43,520		(4,366)
Total English Language Acquisition Cluster (Title III)										251,849					
NCLB Title I	84.010A	S010A150030	NCLBCV-110016	7/1/15-6/30/16	3,029,108	(1,415,503)	418,117	(418,117)	1,415,503						
NCLB Title I	84.010A	S010A160030	NCLBCV-110017	7/1/16-6/30/17	3,238,658		(418,117)	418,117	2,052,168	3,351,345		(1,604,607)	305,430		(1,299,177)
NCLB Title II, Part A	84.367A	S367A150029	NCLBCV-110016	7/1/15-6/30/16	299,259	(133,251)	76,061	(76,061)	133,250		1				
NCLB Title II, Part A	84.367A	S367A160029	NCLBCV-110017	7/1/16-6/30/17	265,105		(76,061)	76,061	178,580	318,434		(162,586)	22,732		(139,854)
Preschool Expansion Aid	84.419B	S419B150020	N/A	7/1/15-6/30/16	3,107,477	8,791	179,177	(179,177)			(8,791)				
Preschool Expansion Aid	84.419B	S419B150020	N/A	7/1/16-6/30/17	3,140,644		(179,177)	179,177	2,075,389	3,041,278		(1,244,432)	278,543		(965,889)
Carl D. Perkins	84.243A	N/A	PERK219016	7/1/15-6/30/16	66,930					61,583		(75,227)	13,644		(61,583)
Carl D. Perkins	84.243A	N/A	PERK219017	7/1/16-6/30/17	75,227										
Total Special Revenue Fund						(3,117,918)	-	-	10,455,418	10,156,067	(11,792)	(4,449,310)	1,618,951	-	(2,830,359)
Total						\$ (3,726,872)	\$ -	\$ -	\$ 14,466,360	\$ 13,756,767	\$ (11,792)	\$ (4,648,743)	\$ 1,619,672	\$ -	\$ (3,029,792)

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, 2017**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016			Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances		Balance, June 30, 2017			Memo Only	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				Adjustment	(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	\$ (1,701,221)			\$ 1,701,221									*
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	17,638,485				15,944,458	\$ 17,638,485				\$ (1,694,027)				*
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	6,592,227	(634,153)			634,153									*
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	6,684,519				6,042,527	6,684,519				(641,992)				*
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	770,787	(74,147)			74,147									*
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	867,934				784,576	867,934				(83,358)				*
Under Adequacy Aid	16-495-034-5120-096	7/1/15-6/30/16	500,000	(48,099)			48,099									*
Under Adequacy Aid	17-495-034-5120-096	7/1/16-6/30/17	500,000				451,979	500,000				(48,021)				*
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	112,730	(10,844)			10,844									*
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	112,730				101,903	112,730				(10,827)				*
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	112,730	(10,844)			10,844									*
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	112,730				101,903	112,730				(10,827)				*
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	110,120				99,545	110,120				(10,575)				*
Total State Aid Public Cluster								26,026,518								*
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	551,845				498,845	551,845				(53,000)				*
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	485,830	(46,735)			46,735									*
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	98,970	(98,970)			98,970									*
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	120,101					120,101				(120,101)			\$ (120,101)	*
Total Transportation Aid Cluster								671,946								*
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	536,819	(536,819)			536,819									*
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	801,420					801,420				(801,420)				*
TPAF Pension and Annuity Aid-Normal	17-495-034-5094-002	7/1/16-6/30/17	7,568,656				7,568,656	7,568,656								*
NCGI	17-495-034-5094-004	7/1/16-6/30/17	274,230				274,230	274,230								*
Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	24,378				24,378	24,378								*
Post Retirement Medical	17-495-034-5094-001	7/1/16-6/30/17	6,534,908				6,534,908	6,534,908								*
TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	4,968,975	(250,077)			250,077									*
TPAF Social Security Aid	17-495-034-5094-003	7/1/16-6/30/17	5,220,649				4,965,852	5,220,649				(254,797)			(254,797)	*
Total General Fund			(3,411,909)	-	-	-	46,805,669	47,122,705				(3,728,945)			(3,728,945)	*
New Jersey Nonpublic Aid																
Auxiliary Services																
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	228,966				228,966	217,342						\$ 11,624		*
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	194,756			\$ 2,352			\$ 2,352							*
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	35,809				35,809	21,928						13,881		*
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	44,863			18,828				18,828						*
Transportation	17-100-034-5120-067	7/1/16-6/30/17	50,232				50,232	47,590						2,642		*
Transportation	16-100-034-5120-067	7/1/15-6/30/16	75,829			24,496				24,496						*
Total Nonpublic Auxiliary Services Aid Cluster (Chapter 192)								286,860								*
Handicapped Services																
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	101,761				101,761	78,022						23,739		*
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	109,586			20,066				20,066						*
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	77,749				77,749	56,736						21,013		*
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	56,351			6,706				6,706						*
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	61,991				61,991	56,018						5,973		*
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	58,069			16,220				16,220						*
Total Nonpublic Handicapped Services Aid Cluster (Chapter 193)								190,776								*
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	63,692				63,692	60,075						3,617		*
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	59,441			2,937				2,937						*
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	97,380				97,380	97,380								*
Technology	17-100-034-5120-373	7/1/16-6/30/17	28,730				28,730	27,713						1,017		*
Technology	16-100-034-5120-373	7/1/15-6/30/16	27,066			1,074				1,074						*
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	57,350				57,350	49,769						7,581		*
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	27,125			3,702				3,702						*
Total Special Revenue Fund						96,381		803,660	712,573	96,381				91,087		*

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016			Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2017			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	17-100-034-5120-075	7/1/16-6/30/17	\$ 140,439	-	-	-	-	\$ 140,439	\$ 140,439	-	-	-	-	-	-	\$ 140,439
Total Debt Service				-	-	-	-	140,439	140,439	-	-	-	-	-	-	140,439
State Economic Development Authority																
Educational Facilities Construction and Financing Act																
Capital Projects Fund																
Roof Replacement at High School and Sel	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	(131,840)	118,914							(131,840)	118,914		(131,840)	
Electrical Upgrades at School #14 and #16	0900-210-14G2LS 0900-190-14-G2LO	07/1/13-6/30/14	337,500	(205,554)	205,554							(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)	176,297			28,339				(802,509)	147,958		(802,509)	28,339
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	(8,206)	1,991							(8,206)	1,991		(8,206)	
Total Capital Projects Fund				(1,225,203)	579,850	-	-	-	28,339	-	-	(1,225,203)	551,511	-	(1,225,203)	28,339
State Department of Agriculture																
National School Lunch Pgm.(State Share)	17-100-010-3350-023	7/1/16-6/30/17	55,673					48,048	55,673			(7,625)				55,673
National School Lunch Pgm.(State Share)	16-100-010-3350-023	7/1/15-6/30/16	54,642	(12,925)				12,925								
Total Enterprise Funds				(12,925)				60,973	55,673			(7,625)				55,673
Total State Financial Assistance Subject to Single Audit Determination				\$ (3,424,834)	\$ 579,850	\$ 96,381	\$ -	\$ 47,810,741	\$ 48,059,729	\$ 96,381	\$ -	\$ (3,736,570)	\$ 551,511	\$ 91,087	\$ (374,898)	\$ 48,031,390
Less On-Behalf TPAF Pension and Annuity Aid																
Normal									7,568,656							
NCGI									274,230							
Long-Term Disability Insurance									24,378							
Post Retirement Medical									6,534,908							
Total State Financial Assistance Subject to Major Program Determination									\$ 33,657,557							

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, 2017**

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 Title 2 U.S. Code of Federal Regulations Part 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 a decrease of \$291,185 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	\$ 428,618	\$ 46,831,520	\$ 47,260,138
Special Revenue Fund	10,156,067	712,573	10,868,640
Capital Projects Fund		28,339	28,339
Debt Service Fund		140,439	140,439
Food Service Fund	<u>3,172,082</u>	<u>55,673</u>	<u>3,227,755</u>
Total Financial Assistance	<u>\$ 13,756,767</u>	<u>\$ 47,768,544</u>	<u>\$ 61,525,311</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, 2017**

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 \$5,220,649 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$7,842,886, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$6,534,908 and TPAF Long-Term Disability Insurance in the amount of \$24,378 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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 not 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, 2017**

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? yes X none reported

Noncompliance material to the basic financial statements noted? yes X 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>H027A160100/H173A160114</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>171NJ304N1099</u>	<u>Child Nutrition Cluster</u>
<u>84.010A</u>	<u>S010A160030</u>	<u>Title I</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

State 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 N.J. OMB Circular 15-05, as amended? X yes none reported

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,009,727

Auditee qualified as low-risk auditee? X yes no

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>17-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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*.

There are none.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2017-001:

Our audit of the NCLB Title I and Preschool Expansion Aid grant programs revealed employee benefits charged were not in agreement with actual costs incurred by the District.

Federal Program Information:

Title I	84.010A
Preschool Expansion Aid	84.419B

Criteria or Specific Requirement:

Federal Grant Compliance Supplement – Allowable Costs/Cost Principles.

Condition:

See Finding 2017-001

Questionable Costs:

There were unallowable costs of \$21,845 relating to NCLB Title I and unallowable costs of \$483 relating to Preschool Expansion Aid.

Context:

An employee charged to the Title I grant was receiving a health benefit waiver however the grant was charged for the full cost of the medical benefits. The reimbursement to the State for TPAF FICA employees which was charged to the grant included non TPAF employees and certain employee's benefits charges to the grant were erroneously calculated.

Effect:

The District over charged health benefit costs to the Title I grant program in the amount of \$21,845. In addition, the District had over charged the employee benefit costs to the Preschool Expansion Aid program in the amount of \$54,017 relating to the TPAF FICA due to the State. The District had subsequently adjusted the TPAF FICA due to the State to reflect for only actual costs incurred in the amount of \$53,534.

Cause:

Charges were erroneously calculated.

Recommendation:

Employee benefits charged to the NCLB Title I and Preschool Expansion Aid grant programs be supported by actual costs incurred by the District.

View of Responsible Officials and Planned Corrective Actions:

Management has reviewed this finding and has 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, 2017**

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

Finding 2017-002:

Our audit of the Reimbursed TPAF Social Security Program relating to the TPAF FICA Reimbursement from the District to the State Treasury revealed that certain employees were included where salaries were charged to the federal grant program-Preschool Expansion Aid but these employees were not TPAF members and their salaries were not subject to TPAF FICA reimbursement.

State Program Information:

Reimbursed TPAF Social Security	495-034-5094-003
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Criteria or Specific Requirement:

State of Grant Compliance Supplement – Reimbursed TPAF Social Security.

Condition:

See Finding 2017-002

Questionable Costs:

None.

Context:

The District reported nine (9) employees who were charged to the federal grant program – Preschool Expansion Aid in the calculation of the TPAF FICA Reimbursement due to the State but were not TPAF members and salaries were not subject to TPAF FICA reimbursement. It should be noted the District subsequently revised the TPAF FICA Reimbursement worksheet due to the State Treasury for only the nine (9) employees.

Effect:

Unknown.

Cause:

The TPAF FICA reimbursement was incorrectly prepared.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Finding 2017-002: (Continued)

Recommendation:

TPAF FICA Reimbursement due to the State Treasury include only salaries charged to federal grants that are subject to TPAF FICA reimbursement.

View of Responsible Officials and Planned Corrective Actions:

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

**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

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.

Current Status

Corrective action was taken.

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 overexpended at June 30, 2016.

Current Status

Corrective action was taken.

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.

Current Status

Corrective action was taken.