

CLIFTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CLIFTON, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Clifton Board of Education
Clifton, New Jersey
For The Fiscal Year Ended June 30, 2018**

**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

January 29, 2019

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, 2018 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 U.S. Uniform Guidance, "Audits of State and Local Governments", 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). 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 pre-K through 12, including regular, Bilingual/English as a Second Language, vocational, and special education for handicapped students. The Clifton School District completed the 2017-2018 fiscal year with an average daily enrollment of 11,075 for in-district students. The district also had 128 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, addressing 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 future contributions at the same level, which was accomplished. Even with that, the district must budget its share of the increase for health insurance. In addition, 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 the varied needs of the students attending the Clifton Public School District.

3. MAJOR INITIATIVES: The Clifton School District accomplished several initiatives during the 2017-2018 school year as follows:

- Maintained training and implementation of the Danielson Model using the Frontline Evaluation Platform to provide Danielson training and observations. Purchased second 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.
- New Math Adoption of Envisions 2.0 in grade 3,4 and 5 to update Math program
- Completed phased implementation of new Next Generation Science series in elementary grades.
- Continued intensive professional development and in-class coaching for Literacy interventions including Wilson FOUNDATIONS, Orton Gillingham and Reading Recovery. Replaced consumable components of Wilson Foundations materials for all teachers in Grade K to 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.
- Doubled overall Internet bandwidth to classrooms [Local Funds and Federal E-Rate]
- Replaced 360 instructional computers and 80 printers throughout the district. [Local Funds]
- Added 1900 Chromebooks district-wide for teacher and student use to support the development of 21st Century learning skills as well PARCC administration. [Local funds]
- Began last phase of mounting all classroom projectors to the ceiling or wall. [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) Construction of the softball field at Christopher Columbus Middle School.
 - ii) Completion of new egress/fire doors at School #8.
 - iii) Completion of window replacements at School #14 and School #16.
 - iv) Installation and initial implementation of a district-wide security system.
 - v) Initial construction of the renovation of the high school auditorium to include HVAC.

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 the

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 as of June 30, 2018.

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, 2018 the Clifton School District's outstanding long-term debt issues included \$7,410,000.00 of general obligation bonds, to provide funds for acquisition and construction of major capital facilities.

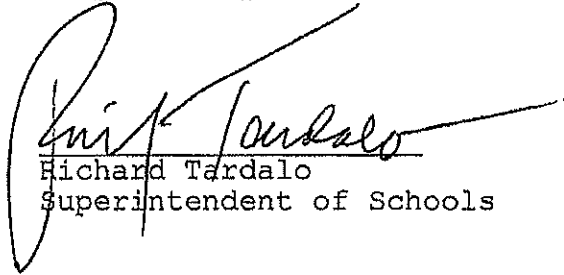
8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 3. The Clifton School District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss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

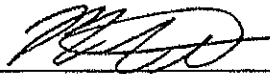
9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard, theft insurance on property and contents, and fidelity bonds.

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 U.S. 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.

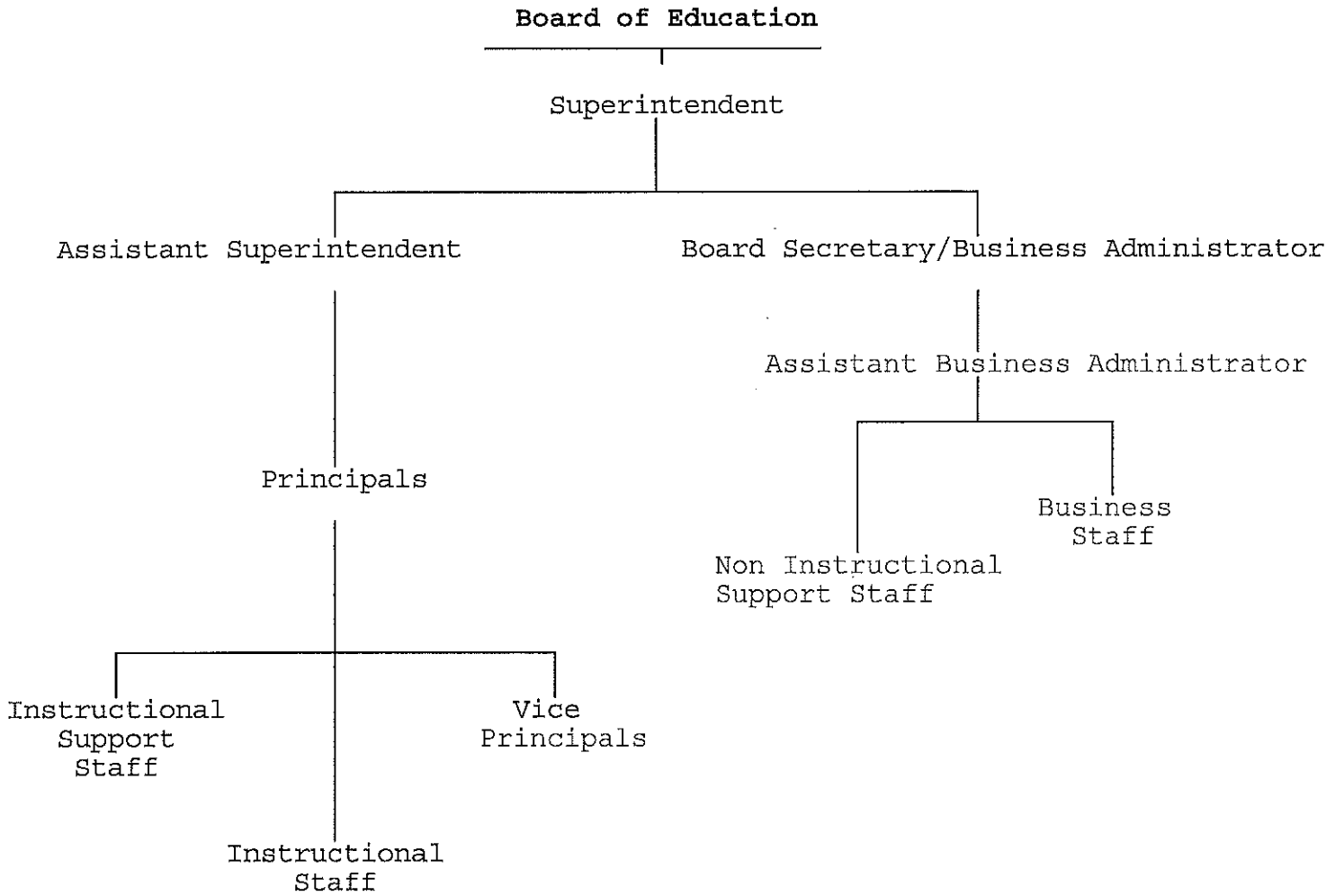
11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Clifton School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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


Michael Ucci
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
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Fair Lawn, New Jersey 07410

Attorneys

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Clark, New Jersey 07066

Adams, Gutierrez & Lattiboudere, LLC.
1037 Raymond Blvd. Suite 900
Newark, New Jersey 07102

Official Depository

TD Bank
101 Washington Street
Hoboken, New Jersey 07030

CLIFTON BOARD OF EDUCATION

CLIFTON, NEW JERSEY

June 30, 2018

Roster of Officials

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Fahim Abadrabbo	2019
Tafari Anderson	2018
Judith Bassford	2020
James Daley	2018
Lucy Danny	2020
Lawrence Grasso	2018
Frank Kasper	2020
Gary Passenti, President	2019
Rosemary Pino, Vice President	2019

Administrators

Richard Tardalo, Superintendent

Mark Tietjen, Assistant Superintendent

Michael Ucci, Board Secretary/Business Administrator

Yusein Durakov, 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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clifton Board of Education, as of and for the fiscal year ended June 30, 2018 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Clifton Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits 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

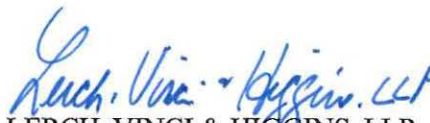
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clifton Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, 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 January 29, 2019 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
January 29, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

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, 2018. 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 2018 are as follows:

- District-Wide - Overall revenues were \$242,171,199. General revenues accounted for \$156,059,421 or 64 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$86,111,778 or 36 percent of total revenues.
- District-Wide - The School District had \$239,844,842 in expenses; only \$86,111,778 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted state aid) of \$156,059,421 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 \$18,631,082, an increase of \$3,302,649 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2018 and 2017, the unassigned fund balance (deficit) reported in the General Fund was \$(21,659) and \$(42,465) respectively, an increase from the prior year of \$20,806.

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 Integrated Summer Enrichment Experience 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 2018 and 2017. For 2018 and 2017 they were \$34,101,129 and \$31,774,772, 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, 2018 and 2017

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 21,213,564	\$ 17,061,817	\$ 594,319	\$ 790,688	\$ 21,807,883	\$ 17,852,505
Capital Assets	<u>67,702,786</u>	<u>69,705,915</u>	<u>238,609</u>	<u>124,275</u>	<u>67,941,395</u>	<u>69,830,190</u>
Total Assets	<u>88,916,350</u>	<u>86,767,732</u>	<u>832,928</u>	<u>914,963</u>	<u>89,749,278</u>	<u>87,682,695</u>
Deferred Outflows of Resources						
Deferred Amounts on Debt Refunding	249,298	351,374			249,298	351,374
Deferred Amounts on Net Pension Liability	<u>10,403,174</u>	<u>15,300,294</u>	-	-	<u>10,403,174</u>	<u>15,300,294</u>
Total Deferred Outflows of Resources	<u>10,652,472</u>	<u>15,651,668</u>	-	-	<u>10,652,472</u>	<u>15,651,668</u>
Total Assets and Deferred Outflows of Resources	<u>99,568,822</u>	<u>102,419,400</u>	<u>832,928</u>	<u>914,963</u>	<u>100,401,750</u>	<u>103,334,363</u>
Liabilities						
Current Liabilities	2,667,160	1,821,606	127,830	21,500	2,794,990	1,843,106
Noncurrent Liabilities	<u>53,602,034</u>	<u>68,508,851</u>	-	-	<u>53,602,034</u>	<u>68,508,851</u>
Total Liabilities	<u>56,269,194</u>	<u>70,330,457</u>	<u>127,830</u>	<u>21,500</u>	<u>56,397,024</u>	<u>70,351,957</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			2,379	721	2,379	721
Deferred Amounts on Net Pension Liability	<u>9,901,218</u>	<u>1,206,913</u>	-	-	<u>9,901,218</u>	<u>1,206,913</u>
Total Deferred Inflows of Resources	<u>9,901,218</u>	<u>1,206,913</u>	<u>2,379</u>	<u>721</u>	<u>9,903,597</u>	<u>1,207,634</u>
Total Liabilities and Deferred Inflows of Resources	<u>66,170,412</u>	<u>71,537,370</u>	<u>130,209</u>	<u>22,221</u>	<u>66,300,621</u>	<u>71,559,591</u>
Net Position						
Net Investment in Capital Assets	61,167,395	61,563,178	238,609	124,275	61,406,004	61,687,453
Restricted	10,782,544	10,894,647		-	10,782,544	10,894,647
Unrestricted	<u>(38,551,529)</u>	<u>(41,575,795)</u>	<u>464,110</u>	<u>768,467</u>	<u>(38,087,419)</u>	<u>(40,807,328)</u>
Total Net Position	<u>\$ 33,398,410</u>	<u>\$ 30,882,030</u>	<u>\$ 702,719</u>	<u>\$ 892,742</u>	<u>\$ 34,101,129</u>	<u>\$ 31,774,772</u>

Governmental activities. Governmental activities increased the District's net position by \$2,516,380. Key elements of this increase are as follows.

CLIFTON BOARD OF EDUCATION

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

**Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017**

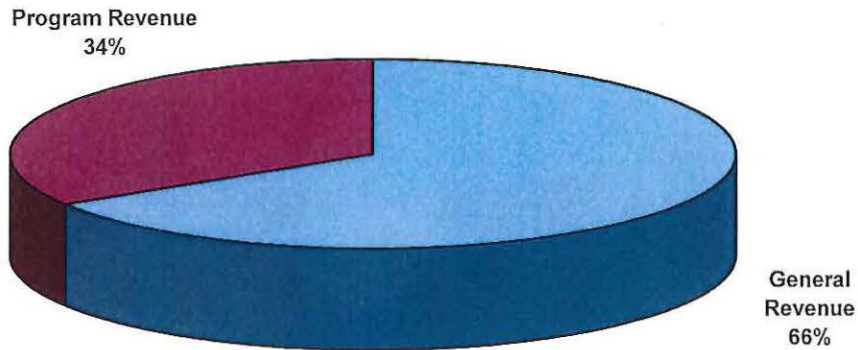
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 898,803	\$ 841,623	\$ 1,801,859	\$ 1,729,169	\$ 2,700,662	\$ 2,570,792
Operating Grants and Contributions	80,069,596	73,262,312	3,329,712	3,232,755	83,399,308	76,495,067
Capital Grants and Contributions	11,808	64,385			11,808	64,385
General Revenues						
Property Taxes	133,421,953	130,853,039			133,421,953	130,853,039
Unrestricted State Aid	21,391,163	18,258,504			21,391,163	18,258,504
State Aid Restricted for Debt Service	39,634	140,439			39,634	140,439
Other	1,198,392	849,270	8,279	2,194	1,206,671	851,464
Total Revenues	<u>237,031,349</u>	<u>224,269,572</u>	<u>5,139,850</u>	<u>4,964,118</u>	<u>242,171,199</u>	<u>229,233,690</u>
Expenses						
Instruction						
Regular	99,041,238	95,246,455			99,041,238	95,246,455
Special	34,515,919	32,519,675			34,515,919	32,519,675
Other Instruction	12,446,316	12,082,008			12,446,316	12,082,008
School Sponsored Activities & Ath.	2,953,074	2,842,082			2,953,074	2,842,082
Support Services						
Student and Instruction Related Serv.	36,567,862	34,594,301			36,567,862	34,594,301
Educational Media/School Library	2,462,443	2,583,455			2,462,443	2,583,455
School Administrative Services	12,027,013	11,327,771			12,027,013	11,327,771
General Administrative Services	3,242,628	3,039,213			3,242,628	3,039,213
Plant Operations and Maintenance	17,918,558	17,873,434			17,918,558	17,873,434
Pupil Transportation	9,804,593	9,340,738			9,804,593	9,340,738
Central Services	3,128,237	3,040,759			3,128,237	3,040,759
Food Service			5,279,799	4,423,112	5,279,799	4,423,112
Other Programs			50,074	589,960	50,074	589,960
Interest on Long-Term Debt	407,088	468,462	-	-	407,088	468,462
Total Expenses	<u>234,514,969</u>	<u>224,958,353</u>	<u>5,329,873</u>	<u>5,013,072</u>	<u>239,844,842</u>	<u>229,971,425</u>
Change in Net Position	2,516,380	(688,781)	(190,023)	(48,954)	2,326,357	(737,735)
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 33,398,410</u>	<u>\$ 30,882,030</u>	<u>\$ 702,719</u>	<u>\$ 892,742</u>	<u>\$ 34,101,129</u>	<u>\$ 31,774,772</u>

CLIFTON BOARD OF EDUCATION

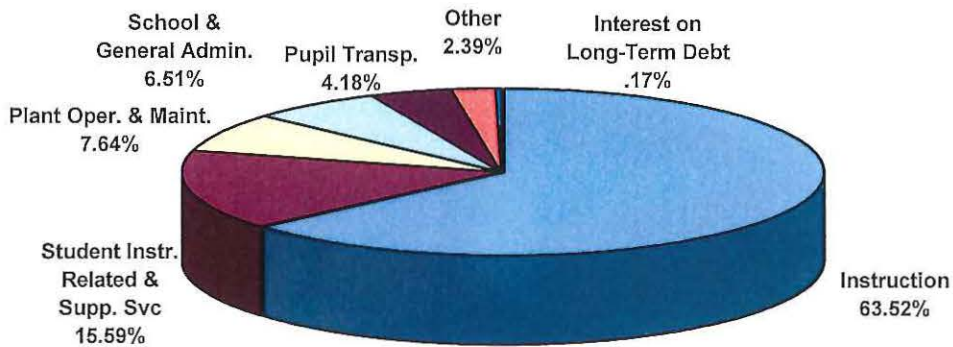
Governmental activities. The District's total governmental revenues were \$237,031,349. The general revenues included property taxes, interest, unrestricted state aid, state and restricted for debt service and miscellaneous revenue, amounted to \$156,051,142 or 66% of total revenues. Program revenues from state and federal sources and charges for services and sales amounted to \$80,980,207 or 34%.

The District's total governmental expenses were \$234,514,969 which are predominantly related to instruction and support services. Instruction totaled \$148,956,547 (63.52%), student support services totaled \$85,151,334 (36.31%) and interest on long-term debt total \$407,088 (.17%) of total expenditures.

Revenue by Type – Governmental Activities
For Fiscal Year 2018



Expenditures by Type- Governmental Activities
For Fiscal Year 2018



CLIFTON BOARD OF EDUCATION

Governmental activities. (Continued)

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2018 and 2017

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	\$ 99,041,238	\$ 95,246,455	\$ 68,007,176	\$ 66,072,738
Special Education	34,515,919	32,519,675	15,244,457	14,870,554
Other Instruction	12,446,316	12,082,008	6,339,764	6,240,092
School Sponsored Activities and Athletics	2,953,074	2,842,082	2,095,160	2,026,528
Support Services				
Student and Instruction Related Svcs.	36,567,862	34,594,301	20,976,789	19,971,652
Educational Media/School Library	2,462,443	2,583,455	1,671,171	1,796,870
General Administrative Services	3,242,628	3,039,213	3,139,699	3,039,213
School Administrative Services	12,027,013	11,327,771	7,934,146	7,627,590
Plant Operations and Maintenance	17,918,558	17,873,434	16,283,762	16,960,518
Pupil Transportation	9,804,593	9,340,738	8,492,498	8,675,057
Central Services	3,128,237	3,040,759	2,943,052	3,040,759
Interest on Long-Term Debt	407,088	468,462	407,088	468,462
	\$ 234,514,969	\$ 224,958,353	\$ 153,534,762	\$ 150,790,033
Total Governmental Activities	<u>\$ 234,514,969</u>	<u>\$ 224,958,353</u>	<u>\$ 153,534,762</u>	<u>\$ 150,790,033</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$5,329,873. These costs were funded by operating grants, charges for services and investment earnings. The operations resulted in a decrease in net position of \$190,023.

Major Enterprise Fund

Food Service Program

- Food service expenses were greater than revenues by \$209,906.
- Charges for services represent 34 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

Integrated Summer Enrichment Experience Program.

- Revenues were greater than expenses by \$19,883.
- 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 \$18,631,082. At June 30, 2017, the fund balance was \$15,328,433.

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 \$200,890,543 and expenditures were \$197,587,894.

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, 2018 and 2017.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 135,548,180	\$ 132,548,440	\$ 2,999,740	2.26%
State Sources	53,505,419	47,712,871	5,792,548	12.14%
Federal Sources	<u>11,351,861</u>	<u>10,584,685</u>	<u>767,176</u>	7.25%
Total	<u>\$ 200,405,460</u>	<u>\$ 190,845,996</u>	<u>\$ 9,559,464</u>	5.01%

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, 2018 and 2017.

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Amount of Increase (Decrease)	Percent Change
Current:				
Instruction	\$ 123,382,155	\$ 117,285,881	\$ 6,096,274	5.20%
Support Services	69,025,716	64,958,409	4,067,307	6.26%
Capital Outlay	2,676,962	3,920,632	(1,243,670)	-31.72%
Debt Service				
Principal	2,107,107	2,989,423	(882,316)	-29.51%
Interest and Other Costs	395,954	475,868	(79,914)	-16.79%
Total	\$ 197,587,894	\$ 189,630,213	\$ 7,957,681	4.20%

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 2018 school year.

Capital Assets

At June 30, 2018 the District – Governmental Activities had invested \$67,702,786 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, 2018 and 2017 balances.

CLIFTON BOARD OF EDUCATION

Capital Assets (Continued)

Capital Assets as of June 30, 2018 and 2017 (Net of Depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 8,374,289	\$ 8,374,289			\$ 8,374,289	\$ 8,374,289
Land Improvements	3,568,516	2,881,530			3,568,516	2,881,530
Construction in Progress	1,255,074	95,136			1,255,074	95,136
Buildings and Improvements	117,198,057	116,989,345			117,198,057	116,989,345
Machinery, Equipment and Vehicles	<u>9,247,946</u>	<u>9,418,593</u>	<u>\$ 986,803</u>	<u>\$ 840,544</u>	<u>10,234,749</u>	<u>10,259,137</u>
 Total	 139,643,882	 137,758,893	 986,803	 840,544	 140,630,685	 138,599,437
Less: Accumulated Depreciation	<u>71,941,096</u>	<u>68,052,978</u>	<u>748,194</u>	<u>716,269</u>	<u>72,689,290</u>	<u>68,769,247</u>
 Total	 <u>\$ 67,702,786</u>	 <u>\$ 69,705,915</u>	 <u>\$ 238,609</u>	 <u>\$ 124,275</u>	 <u>\$ 67,941,395</u>	 <u>\$ 69,830,190</u>

Overall capital assets for Governmental Activities decreased \$2,003,129 (net of depreciation) from fiscal year 2017 to fiscal year 2018.

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, 2018, the District had \$53,602,034 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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
General Obligation Bonds, Gross	\$ 5,851,418	\$ 7,338,816
Capital Leases	933,271	1,155,295
Compensated Absences Payable	5,398,824	6,185,504
Net Pension Liability	<u>41,418,521</u>	<u>53,829,236</u>
 Total	 <u>\$ 53,602,034</u>	 <u>\$ 68,508,851</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:

Michael Ucci
745 Clifton Avenue
Clifton, New Jersey 07015
Telephone: 973-470-2288
Fax: 973-773-8357
Email: mucci@cliftonschoools.net

BASIC FINANCIAL STATEMENTS

CLIFTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 15,416,298	\$ 182,305	\$ 15,598,603
Receivables, net			
Receivables from Other Governments	5,209,143	609,570	5,818,713
Other	58,109	286,247	344,356
Internal Balances	530,014	(530,014)	-
Inventory		46,211	46,211
Capital Assets, net			
Not Being Depreciated	9,629,363		9,629,363
Being Depreciated	58,073,423	238,609	58,312,032
Total Assets	<u>88,916,350</u>	<u>832,928</u>	<u>89,749,278</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	249,298		249,298
Deferred Amounts on Net Pension Liability	10,403,174	-	10,403,174
Total Deferred Outflows of Resources	<u>10,652,472</u>	<u>-</u>	<u>10,652,472</u>
Total Assets and Deferred Outflows of Resources	<u>99,568,822</u>	<u>832,928</u>	<u>100,401,750</u>
 LIABILITIES			
Accounts Payable and Other Liabilities	1,816,549	97,764	1,914,313
Payable to State Government	175,311		175,311
Unearned Revenues	590,622	30,066	620,688
Accrued Interest Payable	84,678		84,678
Noncurrent Liabilities			
Due within one year	1,085,725		1,085,725
Due beyond one year	52,516,309	-	52,516,309
Total Liabilities	<u>56,269,194</u>	<u>127,830</u>	<u>56,397,024</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		2,379	2,379
Deferred Amounts on Net Pension Liability	9,901,218	-	9,901,218
Total Deferred Inflows of Resources	<u>9,901,218</u>	<u>2,379</u>	<u>9,903,597</u>
Total Liabilities and Deferred Inflows of Resources	<u>66,170,412</u>	<u>130,209</u>	<u>66,300,621</u>
 NET POSITION			
Net Investment in Capital Assets	61,167,395	238,609	61,406,004
Restricted for			
Capital Projects	9,280,544		9,280,544
Other Purposes	1,502,000		1,502,000
Unrestricted	(38,551,529)	464,110	(38,087,419)
Total Net Position	<u>\$ 33,398,410</u>	<u>\$ 702,719</u>	<u>\$ 34,101,129</u>

**CLIFTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	\$ 99,041,238	\$ 898,803	\$ 30,126,039	\$ 9,220	\$ (68,007,176)		\$ (68,007,176)
Special Education	34,515,919		19,271,462		(15,244,457)		(15,244,457)
Other Instruction	12,446,316		6,103,964	2,588	(6,339,764)		(6,339,764)
School Sponsored Activities and Athletics	2,953,074		857,914		(2,095,160)		(2,095,160)
Support Services							
Student and Instruction Related Services	36,567,862		15,591,073		(20,976,789)		(20,976,789)
Educational Media/School Library	2,462,443		791,272		(1,671,171)		(1,671,171)
General Administrative Services	3,242,628		102,929		(3,139,699)		(3,139,699)
School Administrative Services	12,027,013		4,092,867		(7,934,146)		(7,934,146)
Plant Operations and Maintenance	17,918,558		1,634,796		(16,283,762)		(16,283,762)
Pupil Transportation	9,804,593		1,312,095		(8,492,498)		(8,492,498)
Central Services	3,128,237		185,185		(2,943,052)		(2,943,052)
Interest on Long-Term Debt	407,088	-	-	-	(407,088)	-	(407,088)
Total Governmental Activities	234,514,969	898,803	80,069,596	11,808	(153,534,762)	-	(153,534,762)
Business-Type Activities							
Food Service	5,279,799	1,731,902	3,329,712			\$ (218,185)	(218,185)
Other Programs	50,074	69,957	-	-	-	19,883	19,883
Total Business-Type Activities	5,329,873	1,801,859	3,329,712	-	-	(198,302)	(198,302)
Total Primary Government	\$ 239,844,842	\$ 2,700,662	\$ 83,399,308	\$ 11,808	(153,534,762)	(198,302)	(153,733,064)
General Revenues							
Property Taxes, Levied for General Purposes, Net					131,825,895		131,825,895
Property Taxes Levied for Debt Service					1,596,058		1,596,058
State Aid - Restricted for Debt Service					39,634		39,634
State Aid Unrestricted					21,391,163		21,391,163
Miscellaneous Income					1,198,392	8,279	1,206,671
Total General Revenues					156,051,142	8,279	156,059,421
Change in Net Position					2,516,380	(190,023)	2,326,357
Net Position, Beginning of Year					30,882,030	892,742	31,774,772
Net Position, End of Year					\$ 33,398,410	\$ 702,719	\$ 34,101,129

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, 2018**

	<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	\$ 14,839,664		\$ 576,634		\$ 15,416,298
Receivables, Net					
Receivables from Other Governments	1,066,581	\$ 2,917,359	1,225,203		5,209,143
Other	58,109				58,109
Due from Other Funds	<u>2,257,283</u>	-	-	-	<u>2,257,283</u>
Total Assets	<u>\$ 18,221,637</u>	<u>\$ 2,917,359</u>	<u>\$ 1,801,837</u>	<u>\$ -</u>	<u>\$ 22,940,833</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Accrued Salaries	\$ 817,700	\$ 979,698	\$ 13,031		\$ 1,810,429
Due to Other Funds	6,120	1,723,239	4,030		1,733,389
Payable to State Government		175,311			175,311
Unearned Revenue	-	<u>39,111</u>	<u>551,511</u>	-	<u>590,622</u>
Total Liabilities	<u>823,820</u>	<u>2,917,359</u>	<u>568,572</u>	-	<u>4,309,751</u>
Fund Balances					
Restricted:					
Excess Surplus	1,500,000				1,500,000
Excess Surplus - Designated for Subsequent Year's Expenditures	900,000				900,000
Capital Reserve	8,047,279				8,047,279
Maintenance Reserve	1,002,000				1,002,000
Maintenance Reserve-Designated for Subsequent Year's Expenditures	500,000				500,000
Capital Projects			1,233,265		1,233,265
Committed:					
Year End Encumbrances	2,647,302				2,647,302
Assigned:					
Year End Encumbrances	186,377				186,377
Designated for Subsequent Year's Expenditures	2,636,518				2,636,518
Unassigned	<u>(21,659)</u>	-	-	-	<u>(21,659)</u>
Total Fund Balances	<u>17,397,817</u>	-	<u>1,233,265</u>	-	<u>18,631,082</u>
Total Liabilities and Fund Balances	<u>\$ 18,221,637</u>	<u>\$ 2,917,359</u>	<u>\$ 1,801,837</u>	<u>\$ -</u>	<u>\$ 22,940,833</u>

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balances (Exhibit B-1)		\$ 18,631,082
<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 \$139,643,882 and the accumulated depreciation is \$71,941,096.</p>		67,702,786
<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>		249,298
<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	\$ 10,403,174	
Deferred Inflows of Resources	<u>(9,901,218)</u>	501,956
<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>		(84,678)
<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	(5,851,418)	
Capital Leases Payable	(933,271)	
Compensated Absences Payable	(5,398,824)	
Net Pension Liability	<u>(41,418,521)</u>	<u>(53,602,034)</u>
Net position of governmental activities (Exhibit A-1)		<u>\$ 33,398,410</u>

CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 131,825,895			\$ 1,596,058	\$ 133,421,953
Miscellaneous	2,097,195	\$ 29,032	-	-	2,126,227
Total - Local Sources	133,923,090	29,032		1,596,058	135,548,180
State Sources	52,828,547	637,238		39,634	53,505,419
Federal Sources	261,647	11,090,214	-	-	11,351,861
Total Revenues	187,013,284	11,756,484	-	1,635,692	200,405,460
EXPENDITURES					
Current					
Instruction					
Regular Instruction	80,561,480	884,899			81,446,379
Special Education Instruction	26,594,868	2,474,853			29,069,721
Other Instruction	7,676,911	2,752,374			10,429,285
School-Sponsored Activities and Athletics	2,436,770				2,436,770
Support Services					
Student and Instruction Related Services	24,910,024	5,500,425			30,410,449
Educational Media/School Library	1,986,245				1,986,245
General Administrative Services	3,037,088				3,037,088
School Administrative Services	9,540,657				9,540,657
Plant Operations and Maintenance	12,295,485				12,295,485
Pupil Transportation	8,837,275	132,125			8,969,400
Central Services	2,786,392				2,786,392
Debt Service					
Principal	707,107			1,400,000	2,107,107
Interest and Other Charges	145,689			250,265	395,954
Capital Outlay	2,665,154	11,808	-	-	2,676,962
Total Expenditures	184,181,145	11,756,484	-	1,650,265	197,587,894
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,832,139	-	-	(14,573)	2,817,566
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	485,083	-	-	-	485,083
Total Other Financing Sources and (Uses)	485,083	-	-	-	485,083
Net Change in Fund Balances	3,317,222	-	-	(14,573)	3,302,649
Fund Balance, Beginning of Year	14,080,595	-	\$ 1,233,265	14,573	15,328,433
Fund Balance, End of Year	\$ 17,397,817	\$ -	\$ 1,233,265	\$ -	\$ 18,631,082

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, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 3,302,649

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	\$ 2,676,962	
Depreciation Expense	<u>(4,680,091)</u>	
		(2,003,129)

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		(485,083)
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In the statement of activities, certain operating expenses - compensated absences and pension expense - are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences	786,680	
Increase in Pension Expense	<u>(1,180,710)</u>	
		(394,030)

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	1,400,000	
Capital Leases	<u>707,107</u>	
		2,107,107

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	87,398	
Amortization of Deferred Amount on Refunding	<u>(102,076)</u>	
		(14,678)

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>3,544</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 2,516,380

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<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	\$ 161,615	\$ 20,690	\$ 182,305
Intergovernmental Receivable			
State	10,233		10,233
Federal	599,337		599,337
Other Receivables	286,247		286,247
Inventories	46,211	-	46,211
	<u>1,103,643</u>	<u>20,690</u>	<u>1,124,333</u>
Total Current Assets			
Capital Assets			
Equipment	986,803		986,803
Less: Accumulated Depreciation	(748,194)	-	(748,194)
	<u>238,609</u>	<u>-</u>	<u>238,609</u>
Total Capital Assets, Net			
Total Assets	<u>1,342,252</u>	<u>20,690</u>	<u>1,362,942</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Salaries	97,764	-	97,764
Due to Other Funds	530,014		530,014
Unearned Revenue	30,066	-	30,066
	<u>657,844</u>	<u>-</u>	<u>657,844</u>
Total Current Liabilities			
Total Liabilities	<u>657,844</u>	<u>-</u>	<u>657,844</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	2,379	-	2,379
	<u>660,223</u>	<u>-</u>	<u>660,223</u>
Total Liabilities and Deferred Inflows of Resources			
NET POSITION			
Investment in Capital Assets	238,609		238,609
Unrestricted	443,420	\$ 20,690	464,110
	<u>682,029</u>	<u>\$ 20,690</u>	<u>\$ 702,719</u>
Total Net Position			

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, 2018**

	<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		\$ 69,957	\$ 69,957
Daily Sales - Reimbursable	\$ 756,259		756,259
Daily Sales - Nonreimbursable	764,071		764,071
Special Functions - Nonreimbursable	211,572		211,572
Miscellaneous	6,856	-	6,856
	<u>1,738,758</u>	<u>69,957</u>	<u>1,808,715</u>
Total Operating Revenues			
OPERATING EXPENSES			
Cost of Sales - Reimbursable	2,215,261		2,215,261
Cost of Sales - Nonreimbursable	169,500		169,500
Salaries and Employee Benefits	2,006,799	49,298	2,056,097
Purchased Services	489,977		489,977
Supplies and Materials	357,974	776	358,750
Miscellaneous	1,400		1,400
Depreciation	38,888	-	38,888
	<u>5,279,799</u>	<u>50,074</u>	<u>5,329,873</u>
Total Operating Expenses			
Operating Income/(Loss)	<u>(3,541,041)</u>	<u>19,883</u>	<u>(3,521,158)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	57,279		57,279
Federal Sources			
School Breakfast Program	430,295		430,295
National School Lunch Program	2,422,016		2,422,016
Child and Adult Food Program	134,309		134,309
After School Snack/ Seemless Summer Options Program	11,919		11,919
Food Distribution Program - Non Cash Assistance	273,894		273,894
Interest and Investment Revenue	1,423	-	1,423
	<u>3,331,135</u>	<u>-</u>	<u>3,331,135</u>
Total Nonoperating Revenues			
Change in Net Position	(209,906)	19,883	(190,023)
Total Net Position, Beginning of Year	<u>891,935</u>	<u>807</u>	<u>892,742</u>
Total Net Position, End of Year	<u>\$ 682,029</u>	<u>20,690</u>	<u>\$ 702,719</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, 2018**

	<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	\$ 1,482,577	\$ 70,764	\$ 1,553,341
Cash Payments for Employees' Salaries and Benefits	(2,006,799)	(49,298)	(2,056,097)
Cash Payments to Suppliers for Goods and Services	(2,916,086)	(776)	(2,916,862)
Net Cash Provided by (Used by) Operating Activities	<u>(3,440,308)</u>	<u>20,690</u>	<u>(3,419,618)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Local, State and Federal Subsidy Reimbursements	2,622,598		2,622,598
Cash Received from Other Funds	264,125	-	264,125
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>2,886,723</u>	<u>-</u>	<u>2,886,723</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(153,222)	-	(153,222)
Net Cash (Used) by Capital and Related Financing Activities	<u>(153,222)</u>	<u>-</u>	<u>(153,222)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	1,423	-	1,423
Net Cash Provided by Investing Activities	<u>1,423</u>	<u>-</u>	<u>1,423</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(705,384)	20,690	(684,694)
Cash and Cash Equivalents, Beginning of Year	866,999	-	866,999
Cash and Cash Equivalents, End of Year	<u>\$ 161,615</u>	<u>\$ 20,690</u>	<u>\$ 182,305</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES			
Operating (Loss)	\$ (3,541,041)	\$ 19,883	\$ (3,521,158)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities			
Depreciation	38,888		38,888
Food Distribution Program- Non Cash Assistance	273,894		273,894
Change in Assets and Liabilities			
(Increase)/Decrease in Other Accounts Receivable	(286,247)	807	(285,440)
Increase/(Decrease) in Accounts Payable	76,264		76,264
Increase/(Decrease) in Unearned Revenue	30,066		30,066
Increase/(Decrease) in Deferred Commodities Revenue	1,658		1,658
(Increase)/Decrease in Inventory	(33,790)	-	(33,790)
Total Adjustments	<u>100,733</u>	<u>807</u>	<u>101,540</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ (3,440,308)</u>	<u>\$ 20,690</u>	<u>\$ (3,419,618)</u>
NON CASH INVESTING, INVESTING CAPITAL AND FINANCING ACTIVITIES VALUE RECEIVE - FOOD DISTRIBUTION PROGRAM			
	\$ 275,552		

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, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 316,683	\$ 60,184	\$ 1,565,934
Due from Other Funds	<u>-</u>	<u>-</u>	<u>103,532</u>
Total Assets	<u>316,683</u>	<u>60,184</u>	<u>\$ 1,669,466</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 1,041,743
Due to Other Funds	97,412		-
Due to Student Groups			627,723
Intergovernmental Payable	<u>53,661</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>151,073</u>	<u>-</u>	<u>\$ 1,669,466</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 165,610</u>	<u>\$ 60,184</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, 2018**

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Employees	\$ 266,103	
Investment Earnings		
Interest	<u>1,236</u>	<u>-</u>
Total Additions	<u>267,339</u>	<u>-</u>
DEDUCTIONS		
Scholarship Awards		\$ 4,595
Unemployment Claims and Contributions	<u>214,749</u>	<u>-</u>
Total Deductions	<u>214,749</u>	<u>4,595</u>
Change in Net Position	52,590	(4,595)
Net Position, Beginning of the Year	<u>113,020</u>	<u>64,779</u>
Net Position, End of the Year	<u>\$ 165,610</u>	<u>\$ 60,184</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, 2018**

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 of schools 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 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. 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*. 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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, 2018

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 integrated summer enrichment experience 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, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

The *integrated summer enrichment experience 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 funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 inventory at year-end is reported as deferred inflows of resources.

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 future periods 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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 future periods 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.

6. Compensated Absences

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

7. 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 with 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.

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, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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)

Restricted Fund Balance (Continued)

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 2018/2019 District budget certified for taxes

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District 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.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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 2016-2017 and 2017-2018 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, 2018**

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 integrated summer enrichment experience 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. On June 6, 2018, the Board adopted a resolution to move its annual election to the third Tuesday in April from November beginning with the 2019/2020 budget year.

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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$8,522,485. The increase was funded by additional state aid appropriated, transfer of capital reserve funds, additional grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

	Final Budget	Actual	Unfavorable Variance
Special Revenue Fund			
Instruction			
Other Purchased Services	\$ 2,072	\$ 5,322	\$ (3,250)
Support			
Salaries of Supervisors of Instruction	83,196	102,847	(19,651)
Salaries of Secretarial and Clerical Asst.	89,978	121,138	(31,160)
Other Salaries	53,635	56,346	(2,711)
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists	63,663	65,016	(1,353)
Other Objects	9,000	12,853	(3,853)

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$21,659 in the General Fund as of June 30, 2018 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 2017/2018 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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity (Continued)

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 \$21,659 in the General Fund less than the delayed state aid payments balance at June 30, 2018.

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, 2018 is as follows:

Balance, July 1, 2017		\$ 8,145,809
Increased by:		
Interest Earnings	\$ 46,986	
Unexpended Capital Outlay Funds	74,348	
Deposits Approved by Board Resolution	<u>2,242,868</u>	
		<u>2,364,202</u>
		10,510,011
Withdrawals		
Approved in District Budget		<u>2,462,732</u>
Balance, June 30, 2018		<u>\$ 8,047,279</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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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.

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, June 30, 2017		\$ 1,501,000
Increased by:		
Interest Earnings	\$ 1,000	
Deposits Approved by Board Resolution	<u>500,000</u>	
		<u>501,000</u>
		2,002,000
Withdrawals		
Approved in District Budget		<u>500,000</u>
Balance, June 30, 2018		<u>\$ 1,502,000</u>

The June 30, 2018 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. \$500,000 of the maintenance reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

F. Transfers to Capital Outlay

During the 2017/2018 school year, the district transferred \$3,311,063 to the non-equipment capital outlay accounts. The transfers totaling \$2,462,732 was made from the capital reserve account and transfers totaling \$848,331 were made by appropriating additional state aid or within the 2017/2018 adjusted budget. Certain transfers were to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4. Other transfers were to fund new projects that were approved in the District's Long Range Facilities Plan.

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, 2018 is \$2,400,000. Of this amount, \$900,000 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$1,500,000 will be appropriated in the 2019/2020 original budget certified for taxes.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 and NCUSIF.

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, 2018, the book value of the Board's deposits were \$17,541,404 and bank and brokerage firm balances of the Board's deposits amounted to \$20,112,209. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>20,112,209</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, 2018 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2018, 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.

B. Receivables

Receivables as of June 30, 2018 for the district’s individual major 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>Total</u>
Receivables:					
Accounts	\$ 58,109			\$ 286,247	\$ 344,356
Intergovernmental					
Federal	62,387	\$ 2,899,149		599,337	3,560,873
State	828,268	6,208	\$ 1,225,203	10,233	2,069,912
Local	175,926	12,002	-	-	187,928
	<u>1,124,690</u>	<u>2,917,359</u>	<u>1,225,203</u>	<u>895,817</u>	<u>6,163,069</u>
Net Total Receivables	<u>\$ 1,124,690</u>	<u>\$ 2,917,359</u>	<u>\$ 1,225,203</u>	<u>\$ 895,817</u>	<u>\$ 6,163,069</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	\$ 39,111
Capital Projects Fund	
Unrealized School Facilities Grant	<u>551,511</u>
Total Unearned Revenues for Governmental Funds	<u>\$ 590,622</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, July 1, 2017	Increases	Decreases	Transfers	Balance, June 30, 2018
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 8,374,289				\$ 8,374,289
Construction in Progress	95,136	\$ 1,204,735	-	\$ (44,797)	1,255,074
Total Capital Assets, Not Being Depreciated	<u>8,469,425</u>	<u>1,204,735</u>	<u>-</u>	<u>(44,797)</u>	<u>9,629,363</u>
Capital Assets, Being Depreciated:					
Land Improvements	2,881,530	651,069		35,917	3,568,516
Building and Building Improvements	116,989,345	199,832		8,880	117,198,057
Machinery and Equipment	9,418,593	621,326	\$ (791,973)	-	9,247,946
Total Capital Assets Being Depreciated	<u>129,289,468</u>	<u>1,472,227</u>	<u>(791,973)</u>	<u>44,797</u>	<u>130,014,519</u>
Less Accumulated Depreciation for:					
Land Improvements	(1,315,879)	(99,300)			(1,415,179)
Building and Building Improvements	(59,631,814)	(4,024,258)			(63,656,072)
Machinery and Equipment	(7,105,285)	(556,533)	791,973	-	(6,869,845)
Total Accumulated Depreciation	<u>(68,052,978)</u>	<u>(4,680,091)</u>	<u>791,973</u>	<u>-</u>	<u>(71,941,096)</u>
Total Capital Assets, Being Depreciated, Net	<u>61,236,490</u>	<u>(3,207,864)</u>	<u>-</u>	<u>44,797</u>	<u>58,073,423</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,705,915</u>	<u>\$ (2,003,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,702,786</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance July 1, 2017	Increases	Decreases	Balance, June 30, 2018
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 840,544	\$ 153,222	\$ (6,963)	\$ 986,803
Total Capital Assets Being Depreciated	<u>840,544</u>	<u>153,222</u>	<u>(6,963)</u>	<u>986,803</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(716,269)</u>	<u>(38,888)</u>	<u>6,963</u>	<u>(748,194)</u>
Total Accumulated Depreciation	<u>(716,269)</u>	<u>(38,888)</u>	<u>6,963</u>	<u>(748,194)</u>
Total Capital Assets, Being Depreciated, Net	<u>124,275</u>	<u>114,334</u>	<u>-</u>	<u>238,609</u>
Business-Type Activities Capital Assets, Net	<u>\$ 124,275</u>	<u>\$ 114,334</u>	<u>\$ -</u>	<u>\$ 238,609</u>

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

Governmental activities:

Instruction	
Regular	\$ 64,990
Total Instruction	<u>64,990</u>
Support Services	
Student and instruction related services	150,992
General administration services	25,289
School administration services	23,214
Operations and maintenance of plant	4,153,442
Student transportation	244,618
Central Services	<u>17,546</u>
Total Support Services	<u>4,615,101</u>
Total depreciation expense - governmental activities	<u>\$ 4,680,091</u>
Business-type activities:	
Food Service Fund	<u>\$ 38,888</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018:

<u>Project</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Softball Field Renovations at Christopher Columbus Middles School	\$ 642,686	13,116
Video Surveillance and Emergency Notification - District Wide	595,975	120,761
HVAC Project in Auditorium at Clifton High School	414,630	1,384,170
Electrical Upgrade at School #2		252,700
Emergency Generator Project - Administration Building and Clifton High School		258,400
Projector Project - District Wide		<u>527,031</u>
		<u>\$ 2,556,178</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 1,723,239
General Fund	Capital Projects Fund	4,030
General Fund	Food Service Fund	530,014
Payroll Agency	General Fund	6,120
Payroll Agency	Unemployment	<u>97,412</u>
Total		<u>\$ 2,360,815</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, 2018**

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, 2018 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>
2019	\$ 324,465
Total	<u>\$ 324,465</u>

Capital Leases

The District is leasing student transportation buses and technology upgrades totaling \$3,562,727 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, 2018 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 337,848
2020	253,667
2021	172,240
2022	74,597
2023	<u>136,277</u>
Total minimum lease payments	974,629
Less: amount representing interest	<u>41,358</u>
Present value of minimum lease payments	<u>\$ 933,271</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2018 are comprised of the following issues:

\$7,410,000, 2013 Refunding Bonds, due in an annual installment of \$765,000 to \$810,000 through March 1, 2025 interest at 4.00%	<u>\$ 5,535,000</u>
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**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

<u>Fiscal Year Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	800,000	94,800	894,800
2024-2025	<u>1,570,000</u>	<u>93,600</u>	<u>1,663,600</u>
	<u>\$ 5,535,000</u>	<u>\$ 887,000</u>	<u>\$ 6,422,000</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 380,672,815
Less: Net Debt	<u>5,535,000</u>
Remaining Borrowing Power	<u>\$ 375,137,815</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018, was as follows:

	Balance, July 1, 2017	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2018	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 6,935,000		\$ 1,400,000	\$ 5,535,000	\$ 765,000
Deferred Amounts					
Add: Original Issue Premium	<u>403,816</u>	<u>-</u>	<u>87,398</u>	<u>316,418</u>	<u>-</u>
Total Bonds Payable	7,338,816	-	1,487,398	5,851,418	765,000
Capital Leases	1,155,295	\$ 485,083	707,107	933,271	320,725
Compensated Absences	6,185,504		786,680	5,398,824	
Net Pension Liability	<u>53,829,236</u>	<u>-</u>	<u>12,410,715</u>	<u>41,418,521</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 68,508,851</u>	<u>\$ 485,083</u>	<u>\$ 15,391,900</u>	<u>\$ 53,602,034</u>	<u>\$ 1,085,725</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 or Group). 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.

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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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>
2018		\$ 266,103	\$ 214,749	\$ 165,610
2017	\$ 3,111	266,596	414,380	113,020
2016	3,050	260,531	292,203	256,950

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, 2018, 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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. PERS is a cost sharing multiple employer defined benefit pension plan.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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 ("Division"), 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, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The 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.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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, 2016 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 7.00 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.

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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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>
2018	\$ 1,648,302	\$ 10,251,807	\$ 95,201
2017	1,614,644	7,842,886	82,586
2016	1,661,393	5,589,800	57,657

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$21,239 and \$8,563, respectively for PERS and the State contributed \$20,297 and \$24,378, respectively 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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$5,197,389 during the fiscal year ended June 30, 2018 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. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$41,418,521 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportionate share was .17792 percent, which was a decrease of .00383 percent from its proportionate share measured as of June 30, 2016 of .18175 percent.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,829,012 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, 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	\$ 975,263	
Changes of Assumptions	8,344,405	\$ 8,313,812
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	282,032	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>801,474</u>	<u>1,587,406</u>
Total	<u>\$ 10,403,174</u>	<u>\$ 9,901,218</u>

At June 30, 2018, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 823,554
2020	1,317,982
2021	790,938
2022	(1,471,344)
2023	(959,174)
Thereafter	<u>-</u>
	<u>\$ 501,956</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 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, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 51,382,486</u>	<u>\$ 41,418,521</u>	<u>\$ 33,117,303</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. 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, 2018**

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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$32,567,730 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$470,122,841. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .69726 percent, which was a decrease of .00091 percent from its proportionate share measured as of June 30, 2016 of .69817 percent.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
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, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 558,520,682</u>	<u>\$ 470,122,841</u>	<u>\$ 397,300,316</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	_____ -
Total	<u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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, 2016, 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.

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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$6,621,425, \$6,534,908 and \$6,655,907, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$20,931,391. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$321,170,886. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .59875 percent, which was an increase of .00118 percent from its proportionate share measured as of June 30, 2016 of .59757 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>345,582,725</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 15,223,842
Interest on the Total OPEB Liability	10,155,276
Changes of Assumptions	(42,431,320)
Gross Benefit Payments	(7,640,998)
Contributions from the Member	<u>281,361</u>
Net Changes	\$ (24,411,839)
Balance, June 30, 2017 Measurement Date	\$ <u>321,170,886</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State’s proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>381,253,013</u>	\$ <u>321,170,886</u>	\$ <u>273,513,172</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 264,132,006	\$ 321,170,886	\$ 396,917,847

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Subsequent Events

On June 20, 2018 the District adopted resolutions for the issuance of \$316,344 and \$524,277 in capital leases to fund the LED project and acquisition of school buses, respectively. The District has awarded the capital lease agreements for the LED project and school buses to TD Equipment Finance, Inc. at an internet rate of 3.163% and 3.160%, respectively. Both capital lease agreements were dated July 15, 2018 and will mature over 5 years. The first maturity is due on May 15, 2019 for the LED project capital lease and due on August 1, 2018 for the school based capital lease.

G. 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.

For the year ended December 31, 2017, 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").

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

- 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, 2017 the City abated property taxes totaling \$4,145,213 under the LTTE program of which \$1,945,870 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, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 131,825,895		\$ 131,825,895	\$ 131,825,895	
Interest Earned on Maintenance Reserve				1,000	
Interest Earned on Capital Reserve				46,986	\$ 46,986
Tuition				898,803	898,803
Miscellaneous	600,000	-	600,000	1,150,406	550,406
Sub-Total Local Sources	132,425,895	-	132,425,895	133,923,090	1,496,195
State Sources					
Special Education Aid	6,684,519		6,684,519	6,684,519	
Equalization Aid	17,638,485	\$ 847,383	18,485,868	21,114,282	2,628,414
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	580,000		580,000	605,417	25,417
Nonpublic Transportation Aid				215,492	215,492
Lead Testing for Schools Aid				3,184	3,184
On-behalf TPAF Pension Contrib. (Non-budgeted)					
Normal				10,008,916	10,008,916
NCGI				242,891	242,891
Post-Retirement Medical Contribution				6,621,425	6,621,425
Long-Term Disability Insurance				20,297	20,297
Reimbursed TPAF Social Security Contr. (Non-budgeted)	-	-	-	5,197,389	5,197,389
Sub-Total State Sources	27,158,363	847,383	28,005,746	52,969,171	24,963,425
Federal Sources					
Medicaid Reimbursement	256,288	-	256,288	261,647	5,359
Sub-Total Federal Sources	256,288	-	256,288	261,647	5,359
Total Revenues	159,840,546	847,383	160,687,929	187,153,908	26,464,979
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	2,442,231	(48,840)	2,393,391	2,348,378	45,013
Grades 1-5	15,911,016	38,200	15,949,216	15,946,189	3,027
Grades 6-8	11,070,264	235,000	11,305,264	11,293,636	11,628
Grades 9-12	13,173,522	(588,000)	12,585,522	12,584,491	1,031
Regular Programs - Home Instruction					
Salaries of Teachers	90,000	21,000	111,000	106,557	4,443
Purchased Professional-Educational Services	90,000		90,000	37,821	52,179
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	227,700		227,700	178,409	49,291
Purchased Technical Services	488,049	77,000	565,049	359,511	205,538
Other Purchased Services	7,000	-	7,000	2,616	4,384
General Supplies	2,052,745	648,243	2,700,988	2,378,137	322,851
Textbooks	600,492	386,405	986,897	837,044	149,853
Other Objects	500	-	500	125	375
Total Regular Programs	46,153,519	769,008	46,922,527	46,072,914	849,613
Special Education					
Cognitive - Moderate					
Salaries of Teachers	150,608	3,500	154,108	154,089	19
Other Purchased Services	1,500	-	1,500	1,500	-
General Supplies	591	-	591	590	1
Textbooks	200	-	200	-	200
Total Cognitive - Moderate	152,899	3,500	156,399	156,179	220

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	\$ 2,785,888	\$ (71,300)	\$ 2,714,588	\$ 2,702,557	\$ 12,031
Other Salaries for Instruction	975,499	(3,000)	972,499	972,034	465
General Supplies	9,111	850	9,961	9,521	440
Textbooks	2,704	-	2,704	677	2,027
Total Learning/Language Disabilities	3,773,202	(73,450)	3,699,752	3,684,789	14,963
Behavioral Disabilities					
Salaries of Teachers	531,723	(48,500)	483,223	474,416	8,807
Other Salaries for Instruction	233,152		233,152	218,179	14,973
Other Purchased Services	1,211	100	1,311	1,211	100
General Supplies	2,698	-	2,698	2,658	40
Total Behavioral Disabilities	768,784	(48,400)	720,384	696,464	23,920
Multiple Disabilities					
Salaries of Teachers	719,214	(18,500)	700,714	688,202	12,512
Other Purchased Services	500	500	1,000	975	25
General Supplies	938	-	938	938	-
Total Multiple Disabilities	720,652	(18,000)	702,652	690,115	12,537
Resource Room/Resource Center					
Salaries of Teachers	5,152,369	590,000	5,742,369	5,720,130	22,239
General Supplies	7,776	1,100	8,876	8,808	68
Total Resource Room/Resource Center	5,160,145	591,100	5,751,245	5,728,938	22,307
Autism					
Salaries of Teachers	359,519	13,000	372,519	370,849	1,670
Other Salaries for Instruction	242,123	113,000	355,123	333,476	21,647
General Supplies	5,880	-	5,880	4,561	1,319
Total Autism	607,522	126,000	733,522	708,886	24,636
Preschool Disabilities - Part - Time					
Salaries of Teachers	953,185	(146,000)	807,185	805,863	1,322
Other Salaries for Instruction	272,858	(1,000)	271,858	270,716	1,142
Purchased Professional Educational Services	2,182		2,182	2,182	
General Supplies	3,137	1,900	5,037	4,907	130
Total Preschool Handicapped - Part - Time	1,231,362	(145,100)	1,086,262	1,081,486	4,776
Preschool Disabilities - Full - Time					
Salaries of Teachers	519,086	(38,500)	480,586	475,141	5,445
Total Preschool Handicapped - Full - Time	519,086	(38,500)	480,586	475,141	5,445
Home Instruction					
Salaries of Teachers		11,300	11,300	5,136	6,164
Purchased Professional Educational Services	-	40,000	40,000	37,996	2,004
Total Home Instruction	-	51,300	51,300	43,132	8,168
Total Special Education	12,933,652	448,450	13,382,102	13,265,130	116,972
Basic Skills/Remedial					
Salaries of Teachers	2,074,010	62,500	2,136,510	2,100,953	35,557
General Supplies	5,815	550	6,365	6,035	330
Total Basic Skills/Remedial	2,079,825	63,050	2,142,875	2,106,988	35,887

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 2,521,868	\$ 91,450	\$ 2,613,318	\$ 2,590,726	\$ 22,592
Other Salaries for Instruction	197,855		197,855	193,606	4,249
Purchased Professional/Educational Services	13,800		13,800	515	13,285
General Supplies	39,300		39,300	16,656	22,644
Textbooks	27,000	-	27,000	15,262	11,738
Total Bilingual Education	2,799,823	91,450	2,891,273	2,816,765	74,508
School Sponsored Co-Curricular Activities					
Salaries	320,927	92,200	413,127	397,886	15,241
Purchased Services	111,671	69,889	181,560	181,113	447
Supplies and Materials	900		900		900
Other Objects	-	25,000	25,000	3,836	21,164
Total School Sponsored Co-Curricular Activities	433,498	187,089	620,587	582,835	37,752
School Sponsored Athletics					
Salaries	929,537	9,200	938,737	852,611	86,126
Purchased Services	70,750	5,000	75,750	71,232	4,518
Supplies and Materials	108,350		108,350	107,772	578
Other Objects	160,500	(40,000)	120,500	77,588	42,912
Transfers to Cover Deficit	-	40,000	40,000	40,000	-
Total School Sponsored Athletics	1,269,137	14,200	1,283,337	1,149,203	134,134
Total - Instruction	65,669,454	1,573,247	67,242,701	65,993,835	1,248,866
Undistributed Expenditures					
Instruction					
Tuition Other LEA's Within the State - Regular	81,237	114,500	195,737	156,520	39,217
Tuition Other LEA's Within the State - Special	199,301	31,500	230,801	230,472	329
Tuition to County Vocational School - Regular	6,609,527	1	6,609,528	6,609,527	1
Tuition to County Vocational School - Special	207,119		207,119	190,841	16,278
Tuition to CSSD & Regional Day Schools	1,054,664		1,054,664	1,020,856	33,808
Tuition for Private Schools for the Disabled - Within State	5,063,804	(636,000)	4,427,804	4,409,287	18,517
Tuition - State Facilities	44,465	-	44,465	44,465	-
Total Undistributed Expenditures - Instruction	13,260,117	(489,999)	12,770,118	12,661,968	108,150
Attendance and Social Work Services					
Salaries	268,301	8,500	276,801	266,743	10,058
Purchased Professional/Technical Services	27,500	15,000	42,500	35,503	6,997
Supplies and Materials	5,850	-	5,850	2,738	3,112
Total Attendance and Social Work Services	301,651	23,500	325,151	304,984	20,167
Health Services					
Salaries	1,643,980	66,424	1,710,404	1,696,308	14,096
Purchased Professional and Technical Services	70,500		70,500	42,913	27,587
Other Purchased Services	500		500	143	357
Supplies and Materials	31,000	7,100	38,100	38,002	98
Total Health Services	1,745,980	73,524	1,819,504	1,777,366	42,138

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Speech OT/PT and Related Services					
Salaries	\$ 2,193,364	\$ 48,500	\$ 2,241,864	\$ 2,221,715	\$ 20,149
Purchased Professional- Educational Services	87,000	88,200	175,200	174,704	496
Supplies and Materials	5,752	15,000	20,752	20,444	308
Other Objects	-	1,000	1,000	727	273
Total Speech, OT/PT & Related Serv.	2,286,116	152,700	2,438,816	2,417,590	21,226
Other Support Services - Students Extra Serv.					
Salaries	2,715,417	435,000	3,150,417	3,150,335	82
Purchased Professional/Educational Services	1,339,025	175,500	1,514,525	1,424,439	90,086
Supplies and Materials	800		800		800
Other Objects	5,000	-	5,000	-	5,000
Total Other Support Serv. - Students Extra Serv.	4,060,242	610,500	4,670,742	4,574,774	95,968
Guidance					
Salaries of Other Professional Staff	2,615,336	150,000	2,765,336	2,716,846	48,490
Salaries of Secretarial and Clerical Staff	304,388	7,500	311,888	305,134	6,754
Other Salaries	23,900	7,500	31,400	22,732	8,668
Purchased Professional/Educational Services		10,000	10,000	2,939	7,061
Other Purchased Professional/Technical Services	28,000		28,000	22,614	5,386
Other Purchased Services	6,000		6,000	1,143	4,857
Supplies and Materials	14,878	-	14,878	12,541	2,337
Total Guidance	2,992,502	175,000	3,167,502	3,083,949	83,553
Child Study Teams					
Salaries of Other Professional Staff	3,489,076	(195,000)	3,294,076	3,253,035	41,041
Salaries of Secretarial and Clerical Staff	213,203		213,203	211,284	1,919
Purchased Professional/Educational Services	70,000		70,000	17,226	52,774
Other Purchased Professional/Technical Services	31,000		31,000	15,469	15,531
Miscellaneous Purchased Services	5,500		5,500	4,309	1,191
Supplies and Materials	31,830	45,600	77,430	76,439	991
Total Child Study Teams	3,840,609	(149,400)	3,691,209	3,577,762	113,447
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	593,812	6,500	600,312	600,266	46
Salaries of Secretarial and Clerical Staff	41,427		41,427	39,710	1,717
Purchased Professional/Education Services	117,000	8,750	125,750	125,464	286
Supplies and Materials	10,800	-	10,800	4,617	6,183
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	763,039	15,250	778,289	770,057	8,232
Educational Media Services/School Library					
Salaries	1,098,930	(1)	1,098,929	1,021,853	77,076
Salaries of Technology Coordinators	130,079	1,501	131,580	131,508	72
Purchased Professional/Technical Services	119,900		119,900	94,889	25,011
Other Purchased Services	1,000		1,000		1,000
Supplies and Materials	133,245	-	133,245	88,006	45,239
Total Educational Media Services/School Library	1,483,154	1,500	1,484,654	1,336,256	148,398
Instructional Staff Training Services					
Salaries of Other Professional Staff		64,000	64,000	63,552	448
Other Purchased Prof. and Tech. Services	160,000		160,000	140,240	19,760
Other Purchased Services	-	2,000	2,000	1,253	747
Total Instructional Staff Training Services	160,000	66,000	226,000	205,045	20,955

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 659,073	\$ 16,500	\$ 675,573	\$ 668,688	\$ 6,885
Legal Services	285,000	37,000	322,000	244,354	77,646
Audit Fees	68,000	51,725	119,725	58,738	60,987
Other Purchased Professional Services	75,000	98,500	173,500	149,909	23,591
Purchased Technical Services	122,810	1,500	124,310	107,177	17,133
Communications/Telephone	417,500	12,500	430,000	397,470	32,530
BOE Other Purchased Services	6,000	1,750	7,750	7,687	63
Misc. Purchased Services	795,100	89,500	884,600	875,906	8,694
General Supplies	12,000		12,000	5,229	6,771
BOE In-House Training/Meeting Supplies	1,300		1,300	400	900
Miscellaneous Expenditures	4,000	14,000	18,000	17,349	651
BOE Membership Dues and Fees	28,500	-	28,500	26,663	1,837
Total Support Services General Administration	2,474,283	322,975	2,797,258	2,559,570	237,688
School Administration					
Salaries of Principals/Assistant Principals	3,590,723	85,500	3,676,223	3,660,863	15,360
Salaries of Other Professional Staff	918,110	160,000	1,078,110	1,042,808	35,302
Salaries of Secretarial and Clerical Assistants	1,214,752	48,000	1,262,752	1,262,102	650
Other Salaries	15,317		15,317		15,317
Purchased Professional and Technical Services	144,680	150	144,830	115,558	29,272
Other Purchased Services	20,000	(50)	19,950	4,312	15,638
Supplies and Materials	116,583	-	116,583	92,936	23,647
Total School Administration	6,020,165	293,600	6,313,765	6,178,579	135,186
Central Services					
Salaries	935,608	(14,500)	921,108	920,538	570
Purchased Technical Services	106,000		106,000	67,826	38,174
Miscellaneous Purchased Services	4,500	1,000	5,500	5,233	267
Supplies and Materials	33,000		33,000	16,850	16,150
Miscellaneous Expenditures	3,500	1,000	4,500	4,338	162
Total Central Services	1,082,608	(12,500)	1,070,108	1,014,785	55,323
Administrative Information Technology					
Salaries	281,733	1,000	282,733	282,526	207
Purchased Technical Services	654,350	(8,823)	645,527	610,394	35,133
Supplies and Materials	65,050	(23,000)	42,050	41,604	446
Total Administrative Information Technology	1,001,133	(30,823)	970,310	934,524	35,786
Required Maintenance for School Facilities					
Salaries	572,541	(84,539)	488,002	486,681	1,321
Cleaning, Repair and Maintenance Services	325,000	532,808	857,808	836,156	21,652
General Supplies	209,000	66,000	275,000	254,243	20,757
Total Required Maintenance for School Facilities	1,106,541	514,269	1,620,810	1,577,080	43,730

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 4,341,266	\$ (95,000)	\$ 4,246,266	\$ 4,238,932	\$ 7,334
Purchased Professional and Technical Services	300,000	29,983	329,983	182,609	147,374
Cleaning, Repair and Maintenance Services	263,700	7,918	271,618	192,962	78,656
Rental of Land/Bldg. Other than Lease Pur. Agrmt.	124,711		124,711	124,711	
Other Purchased Property Services	3,000	6,500	9,500	9,217	283
Insurance	148,611		148,611	141,261	7,350
Miscellaneous Purchased Services	7,000	(7,000)			
General Supplies	342,000	88,000	430,000	429,713	287
Energy (Natural Gas)	750,000	(54,000)	696,000	503,484	192,516
Energy (Electricity)	1,400,000	(402,000)	998,000	997,725	275
Other Objects	25,800	-	25,800	6,538	19,262
Total Custodial Services	7,706,088	(425,599)	7,280,489	6,827,152	453,337
Care & Upkeep of Grounds					
Salaries	264,043	(5,573)	258,470	236,200	22,270
Cleaning, Repair and Maintenance Services	8,000	32,500	40,500	40,316	184
General Supplies	30,000		30,000	27,290	2,710
Other Objects	-	5,573	5,573	5,573	-
Total Care & Upkeep of Grounds	302,043	32,500	334,543	309,379	25,164
Security					
Purchased Professional and Technical Services	200,000	(118,000)	82,000	41,161	40,839
Cleaning, Repair and Maintenance Services		25,000	25,000	20,892	4,108
General Supplies	-	96,000	96,000	32,728	63,272
Total Security	200,000	3,000	203,000	94,781	108,219
Student Transportation Services					
Salaries of Non-Instructional Aides	948,021	103,000	1,051,021	1,050,639	382
Salaries for Pupil Transportation (Between Home and School) - Regular	940,368	(11,900)	928,468	693,105	235,363
Salaries for Pupil Transportation (Between Home and School) - Special	603,314	203,000	806,314	766,068	40,246
Salaries for Pupil Transportation (Other Than Between Home and School)	170,297	8,500	178,797	171,220	7,577
Management Fee - ESC & CTSA Transportation	92,737	34,500	127,237	127,044	193
Other Purchased Professional/Technical Services	26,500	1,500	28,000	27,190	810
Cleaning, Repair and Maintenance Services	8,000	(1,000)	7,000	732	6,268
Lease Purchase Payments - School Buses	341,038		341,038	341,037	1
Contracted Services-Aid in Lieu of Payments- Non-Public Schools	679,500	(145,600)	533,900	533,652	248
Contracted Services-Aid in Lieu of Payments- Charter Schools		85,500	85,500	85,500	
Contracted Services (Other than Between Home & School)- Vendors	80,000	88,000	168,000	167,993	7
Contracted Services (Regular Students) - ESCs & CTSA	1,023,169		1,023,169	1,007,110	16,059
Contracted Services (Spl. Ed. Students) - ESCs & CTSA	1,612,921	426,500	2,039,421	2,039,259	162
Miscellaneous Purchased Services - Transportation	37,500		37,500	36,924	576
General Supplies	237,500		237,500	226,986	10,514
Transportation Supplies	38,500	2,000	40,500	38,410	2,090
Total Student Transportation Services	6,839,365	794,000	7,633,365	7,312,869	320,496

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 2,100,000	\$ 17,726	\$ 2,117,726	\$ 2,092,713	\$ 25,013
Other Retirement Contributions - PERS	1,800,000	(77,701)	1,722,299	1,693,014	29,285
Other Retirement Contributions - Regular		95,201	95,201	95,201	
Workmen's Compensation	800,000	(129,000)	671,000	670,877	123
Health Benefits	26,087,050	(2,597,226)	23,489,824	23,488,386	1,438
Tuition Reimbursement	70,000	8,500	78,500	78,252	248
Other Employee Benefits	2,392,000	1,068,000	3,460,000	3,440,590	19,410
Total Unallocated Benefits	33,249,050	(1,614,500)	31,634,550	31,559,033	75,517
Interest - Deposit to Maintenance Reserve	1,000	-	1,000	-	1,000
On-behalf TPAF Pension Contr. (Non-budgeted)					
Normal				10,008,916	(10,008,916)
NCGI				242,891	(242,891)
Post-Retirement Medical Costs				6,621,425	(6,621,425)
Long-Term Disability Insurance				20,297	(20,297)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	5,197,389	(5,197,389)
Total Undistributed Expenditures	90,875,686	355,497	91,231,183	111,168,421	(19,937,238)
Total Current Expenditures	156,545,140	1,928,744	158,473,884	177,162,256	(18,688,372)
CAPITAL OUTLAY					
Equipment					
Instruction					
Grades 1-5	18,500		18,500	13,398	5,102
Grades 6-8		21,926	21,926	20,455	1,471
Grades 9-12	367,000		367,000	366,923	77
Undistributed Expenditures					
Instruction		19,707	19,707	19,706	1
Health Services		6,076	6,076	6,076	
Administrative Information Technology		2,339	2,339	2,339	
Required Maintenance of School Facilities		18,650	18,650	18,650	
Non Instructional Equipment					
Lease Purchase Agreement - Principal		100,000	100,000	74,597	25,403
School Buses - Regular	50,000	(50,000)			
School Buses - Special	50,000	(50,000)	-	-	-
Total Equipment	485,500	68,698	554,198	522,144	32,054
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		190,159	190,159	117,905	72,254
Construction Services		4,025,640	4,025,640	1,972,430	2,053,210
Assessment for Debt Service on SDA Funding	130,701	-	130,701	130,701	-
Total Facilities Acquis. and Const. Services	130,701	4,215,799	4,346,500	2,221,036	2,125,464

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	-	-	-	\$ 485,083	\$ (485,083)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	485,083	(485,083)
Interest Deposit to Capital Reserve	\$ 7,000	-	\$ 7,000	-	7,000
Total Capital Outlay	623,201	\$ 4,284,497	4,907,698	3,228,263	1,679,435
Transfer Funds to Charter School	4,680,205	(850,257)	3,829,948	3,790,626	39,322
Total Expenditures	161,848,546	5,362,984	167,211,530	184,181,145	(16,969,615)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,008,000)	(4,515,601)	(6,523,601)	2,972,763	9,496,364
Other Financing Sources (Uses)					
Capital Leases (Non-Budgeted)	-	-	-	485,083	485,083
Total Other Financing Sources(Uses)	-	-	-	485,083	485,083
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,008,000)	(4,515,601)	(6,523,601)	3,457,846	9,981,447
Fund Balances, Beginning of Year	17,434,642	-	17,434,642	17,434,642	-
Fund Balances, End of Year	\$ 15,426,642	\$ (4,515,601)	\$ 10,911,041	\$ 20,892,488	\$ 9,981,447
Recapitulation					
Restricted Fund Balance					
Excess Surplus				\$ 1,500,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				900,000	
Capital Reserve				8,047,279	
Maintenance Reserve				1,002,000	
Maintenance Reserve- Designated for Subsequent Year's Expenditures				500,000	
Committed Fund Balance					
Year-End Encumbrances				2,647,302	
Assigned Fund Balance					
Year-End Encumbrances				186,377	
Designated for Subsequent Year's Expenditures				2,636,518	
Unassigned Fund Balance					
				3,473,012	
Budgetary Fund Balance					
				20,892,488	
Reconciliation to Governmental Funds statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				3,494,671	
Fund Balances Per Governmental Funds (GAAP)					
				\$ 17,397,817	

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 637,427	\$ 175,122	\$ 812,549	\$ 637,238	\$ (175,311)
Federal	9,287,705	2,914,238	12,201,943	11,090,214	(1,111,729)
Local Sources					
Miscellaneous	-	70,141	70,141	29,032	(41,109)
Total Revenues	<u>9,925,132</u>	<u>3,159,501</u>	<u>13,084,633</u>	<u>11,756,484</u>	<u>(1,328,149)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	3,890,831	(697,994)	3,192,837	3,126,028	66,809
Other Salaries for Instruction		634,623	634,623	342,933	291,690
Purchased Professional/Technical Services		199,210	199,210	146,460	52,750
Purchased Professional/Educational Services		55,532	55,532	2,096	53,436
Other Purchased Services		2,072	2,072	5,322	(3,250)
Tuition	2,207,854	24,657	2,232,511	2,204,968	27,543
General Supplies	68,497	169,830	238,327	213,455	24,872
Miscellaneous Expenditures		17,584	17,584	13,180	4,404
Textbooks	50,953	9,304	60,257	57,684	2,573
Total Instruction	<u>6,218,135</u>	<u>414,818</u>	<u>6,632,953</u>	<u>6,112,126</u>	<u>520,827</u>
Support Services					
Salaries of Teachers		26,600	26,600	18,502	8,098
Salaries of Supervisors of Instruction		83,196	83,196	102,847	(19,651)
Salaries of Principal, Asst. Principals & Directors		141,498	141,498	107,679	33,819
Salaries of Other Professional Staff		472,885	472,885	468,560	4,325
Salaries of Secretarial and Clerical Asst.		89,978	89,978	121,138	(31,160)
Other Salaries		53,635	53,635	56,346	(2,711)
Salaries for Pupil Transportation (Between Home and School) - Regular		92,488	92,488	92,488	
Salaries for Pupil Transportation (Between Home and School) - Special Education		39,637	39,637	39,637	
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists		63,663	63,663	65,016	(1,353)
Salaries of Literacy/Math Coach		232,102	232,102	207,501	24,601
Salaries of Technology Coordinator		73,173	73,173	72,731	442
Personal Services- Employee Benefits		2,305,097	2,305,097	2,219,636	85,461
Purchased Prof./Educational Services	439,706	465,844	905,550	584,210	321,340
Purchased Professional/Technical Services		42,274	42,274	22,000	20,274
Purchased Educational Services - Head Start	3,143,507	(2,286,027)	857,480	857,480	
Other Purchased Professional - Education Services		22,625	22,625	12,893	9,732
Other Purchased Professional Services		2,000	2,000	1,686	314
Other Purchased Professional and Technical Service	77,904	25,789	103,693	103,693	
Cleaning, Repair and Maintenance Services		38,805	38,805	22,438	16,367
Rentals		263,000	263,000	241,546	21,454
Other Purchased Services		188,770	188,770	67,928	120,842
Contracted Services (Other Than Between Home and School) - Grant Agreements		10,500	10,500	1,470	9,030
Travel		5,023	5,023	4,494	529
Miscellaneous Purchased Services		6,000	6,000	1,970	4,030
Supplies and Materials	45,880	129,205	175,085	125,808	49,277
Other Objects	-	9,000	9,000	12,853	(3,853)
Total Support Services	<u>3,706,997</u>	<u>2,596,760</u>	<u>6,303,757</u>	<u>5,632,550</u>	<u>671,207</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	62,296	62,296	2,588	59,708
Non Instructional Equipment	-	85,627	85,627	9,220	76,407
Total Facilities Acquisition and Construction	<u>-</u>	<u>147,923</u>	<u>147,923</u>	<u>11,808</u>	<u>136,115</u>
Total Expenditures	<u>9,925,132</u>	<u>3,159,501</u>	<u>13,084,633</u>	<u>11,756,484</u>	<u>1,328,149</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, 2018**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual revenues (budgetary basis)	C-1	\$ 187,153,908	C-2	\$ 11,756,484
Difference- Budget to GAAP				
State Aid payments (2016/2017) recognized for GAAP Purposes not recognized for budgetary statements.		3,354,047		
Difference - Budget to GAAP:				
State Aid payments (2017/2018) recognized for budgetary purposes, not recognized for GAAP statements		<u>(3,494,671)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	<u>187,013,284</u>	B-2	<u>\$ 11,756,484</u>
Uses/outflows of resources				
Actual expenditures (budgetary basis)	C-1	\$ 184,181,145	C-2	\$ 11,756,484
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	<u>\$ 184,181,145</u>	B-2	<u>\$ 11,756,484</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Five Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.17792 %	0.18175 %	0.18600 %	0.17725 %	0.18227 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 41,418,521	\$ 53,829,236	\$ 41,754,757	\$ 33,186,220	\$ 34,837,087
District's Covered-Employee Payroll	\$ 12,066,823	\$ 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	343%	443%	334%	264%	287%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	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 Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,648,302	\$ 1,614,644	\$ 1,661,393	\$ 1,444,633	\$ 1,450,940
Contributions in Relation to the Contractually Required Contributions	<u>1,648,302</u>	<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	\$ 12,066,823	\$ 12,143,859	\$ 12,507,490	\$ 12,593,399	\$ 12,135,990
Contributions as a Percentage of Covered-Employee Payroll	13.66%	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 Five Fiscal Years *

	<u>2018</u>	<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	\$ 470,122,841	\$ 549,222,947	\$ 429,496,667	\$ 340,101,994	\$ 318,957,104
Total	<u>\$ 470,122,841</u>	<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	\$ 71,980,609	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	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, 2018

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.

**CLIFTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 15,223,842
Interest on Total OPEB Liability	10,155,276
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(42,431,320)
Gross Benefit Payments	(7,640,998)
Contribution from the Member	281,361
Net Change in Total OPEB Liability	(24,411,839)
Total OPEB Liability - Beginning	345,582,725
Total OPEB Liability - Ending	321,170,886
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	321,170,886
Total OPEB Liability - Ending	\$ 321,170,886
District's Covered-Employee Payroll	\$ 84,047,432
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

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, 2018

	ESEA Title I	ESEA Title I - SIA	ESEA Title II A	ESEA Title III	ESEA Title III Immigrant	ESEA Title IV	Total Exhibit E-1 Page 2	Total Exhibit E-1 Page 3	Total
REVENUES									
Local Sources							\$ 29,032		\$ 29,032
State Sources								\$ 637,238	637,238
Federal Sources	\$ 3,499,494	\$ 7,550	\$ 351,458	\$ 216,086	\$ 72,822	\$ 3,500	6,939,304	-	11,090,214
Total Revenues	\$ 3,499,494	\$ 7,550	\$ 351,458	\$ 216,086	\$ 72,822	\$ 3,500	\$ 6,968,336	\$ 637,238	\$ 11,756,484
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 1,979,131		\$ 51,571	\$ 169,662	\$ 41,844		\$ 883,820		\$ 3,126,028
Other Salaries for Instruction							342,933		342,933
Purchased Professional/Technical Services	34,772					\$ 3,500	108,188		146,460
Purchased Professional/Educational Services	2,096						-		2,096
Other Purchased Services							5,322		5,322
Tuition							2,204,968		2,204,968
General Supplies	8,913			18,375			146,637	\$ 39,530	213,455
Miscellaneous Expenditure							13,180		13,180
Textbooks	-	-	-	-	-	-	-	57,684	57,684
Total Instruction	2,024,912	-	51,571	188,037	41,844	3,500	3,705,048	97,214	6,112,126
Support Services									
Salaries			1,802				16,700		18,502
Salaries of Supervisors of Instruction							102,847		102,847
Salaries of Principal, Asst. Principals & Directors	45,260						62,419		107,679
Salaries of Other Professional Staff	51,356						417,204		468,560
Salaries of Secretarial and Clerical Asst.	32,127		11,498				59,098	18,415	121,138
Other Salaries							56,346		56,346
Salaries for Pupil Transportation (Between Home and School) - Regular							92,488		92,488
Salaries for Pupil Transportation (Between Home and School) - Special Education							39,637		39,637
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists							65,016		65,016
Salaries of Literacy/Math Coach	70,957		46,341				90,203		207,501
Salaries of Technology Coordinator			72,731				72,731		72,731
Personal Services- Employee Benefits	1,208,776		126,298	11,204	30,978		842,380		2,219,636
Purchased Prof./Educational Services	43,542		11,213	13,845			154,944	360,666	584,210
Purchased Professional/Technical Services							22,000		22,000
Purchased Educational Services - Head Start							857,480		857,480
Other Purchased Professional - Education Services							12,893		12,893
Other Purchased Professional Services							1,686		1,686
Other Purchased Professional and Technical Services								103,693	103,693
Cleaning, Repair and Maintenance Services							22,438		22,438
Rentals							241,546		241,546
Other Purchased Services	22,300	\$ 7,550	30,004				8,074	-	67,928
Contracted Services (Other Than Between Home and School)							1,470		1,470
Travel	264						4,230		4,494
Miscellaneous Purchased Services							1,970		1,970
Supplies and Materials				3,000			65,558	57,250	125,808
Other Objects	-	-	-	-	-	-	12,853	-	12,853
Total Support Services	1,474,582	7,550	299,887	28,049	30,978	-	3,251,480	540,024	5,632,550
Facilities Acquisition and Construction									
Instructional Equipment	-	-	-	-	-	-	2,588	-	2,588
Non Instructional Equipment	-	-	-	-	-	-	9,220	-	9,220
Total Facilities Acquisition and Construction	-	-	-	-	-	-	11,808	-	11,808
Total Expenditures	\$ 3,499,494	\$ 7,550	\$ 351,458	\$ 216,086	\$ 72,822	\$ 3,500	\$ 6,968,336	\$ 637,238	\$ 11,756,484

Continued

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Local Programs	I.D.E.A.- Part B	I.D.E.A.- Part B- Basic Preschool	Twenty-First Century	Preschool Development - Expansion	Emergency Impact Aid	Carl D. Perkins	Total Exhibit E-1 Page 2
REVENUES								
Local Sources	\$ 29,032							\$ 29,032
State Sources								-
Federal Sources	-	\$ 2,801,826	\$ 136,393	\$ 504,649	\$ 3,343,795	\$ 132,125	\$ 20,516	6,939,304
Total Revenues	\$ 29,032	\$ 2,801,826	\$ 136,393	\$ 504,649	\$ 3,343,795	\$ 132,125	\$ 20,516	\$ 6,968,336
EXPENDITURES								
Instruction								
Salaries of Teachers		\$ 113,750		\$ 210,851	\$ 559,219			\$ 883,820
Other Salaries for Instruction		115,767			227,166			342,933
Purchased Professional/Technical Services		10,755		97,433				108,188
Purchased Professional/Educational Services								-
Other Purchased Services				1,370	3,952			5,322
Tuition		2,068,575	\$ 136,393					2,204,968
General Supplies		29,613		7,534	93,662		\$ 15,828	146,637
Miscellaneous Expenditures	-	-	-	12,280	900	-	-	13,180
Total Instruction	-	2,338,460	136,393	329,468	884,899	-	15,828	3,705,048
Support Services								
Salaries	\$ 14,600						2,100	16,700
Salaries of Supervisors of Instruction					102,847			102,847
Salaries of Principal, Asst. Principals & Directors		3,700		58,719				62,419
Salaries of Other Professional Staff		272,464			144,740			417,204
Salaries of Secretarial and Clerical Asst.				23,130	35,968			59,098
Other Salaries					56,346			56,346
Salaries for Pupil Transportation (Between Home and School) - Regular						\$ 92,488		92,488
Salaries for Pupil Transportation (Between Home and School) - Special Education						39,637		39,637
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists					65,016			65,016
Salaries of Literacy/Math Coach	4,253				85,950			90,203
Personal Services- Employee Benefits				54,391	787,989			842,380
Purchased Prof./Educational Services		154,944						154,944
Purchased Professional/Technical Services				22,000				22,000
Purchased Educational Services - Head Start					857,480			857,480
Other Purchased Professional - Education Services					12,893			12,893
Other Purchased Professional Services					1,686			1,686
Cleaning, Repair and Maintenance Services					22,438			22,438
Rentals					241,546			241,546
Other Purchased Services		50		8,024				8,074
Contracted Services (Other Than Between Home and School)					1,470			1,470
Travel				4,230				4,230
Miscellaneous Purchased Services					1,970			1,970
Supplies and Materials	10,179	32,208		4,687	18,484			65,558
Other Objects	-	-	-	-	12,853	-	-	12,853
Total Support Services	29,032	463,366	-	175,181	2,449,676	132,125	2,100	3,251,480
Facilities Acquisition and Construction								
Instructional Equipment	-	-	-	-	-	-	2,588	2,588
Non Instructional Equipment	-	-	-	-	9,220	-	-	9,220
Total Facilities Acquisition and Construction	-	-	-	-	9,220	-	2,588	11,808
Total Expenditures	\$ 29,032	\$ 2,801,826	\$ 136,393	\$ 504,649	\$ 3,343,795	\$ 132,125	\$ 20,516	\$ 6,968,336

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Nonpublic Technology</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Security</u>	<u>Nonpublic ESL</u>	<u>Nonpublic Compensatory Education</u>	<u>Nonpublic Transportation</u>	<u>Nonpublic Supplemental Instruction</u>	<u>Nonpublic Exam. and Class</u>	<u>Nonpublic Corrective Speech</u>	<u>Nonpublic Home Instruction</u>	<u>New Jersey Exhibit E-1 Page 3</u>
REVENUES												
Local Sources												
State Sources	\$ 39,530	\$ 103,693	\$ 57,684	\$ 57,250	\$ 31,023	\$ 147,654	\$ 29,092	\$ 48,343	\$ 69,597	\$ 47,164	\$ 6,208	\$ 637,238
Federal Sources	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 39,530</u>	<u>\$ 103,693</u>	<u>\$ 57,684</u>	<u>\$ 57,250</u>	<u>\$ 31,023</u>	<u>\$ 147,654</u>	<u>\$ 29,092</u>	<u>\$ 48,343</u>	<u>\$ 69,597</u>	<u>\$ 47,164</u>	<u>\$ 6,208</u>	<u>\$ 637,238</u>
EXPENDITURES												
Instruction												
General Supplies	\$ 39,530											\$ 39,530
Textbooks	-	-	\$ 57,684	-	-	-	-	-	-	-	-	57,684
Total Instruction	<u>39,530</u>	<u>-</u>	<u>57,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,214</u>
Support Services												
Salaries of Secretarial and Clerical Asst.						\$ 18,415						18,415
Purchased Prof./Educational Services					\$ 31,023	129,239	29,092	\$ 48,343	\$ 69,597	\$ 47,164	\$ 6,208	360,666
Other Purchased Professional and Technical Services		\$ 103,693										103,693
Supplies and Materials	-	-	-	\$ 57,250	-	-	-	-	-	-	-	57,250
Total Support Services	<u>-</u>	<u>103,693</u>	<u>-</u>	<u>57,250</u>	<u>31,023</u>	<u>147,654</u>	<u>29,092</u>	<u>48,343</u>	<u>69,597</u>	<u>47,164</u>	<u>6,208</u>	<u>540,024</u>
Capital Outlay- Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 39,530</u>	<u>\$ 103,693</u>	<u>\$ 57,684</u>	<u>\$ 57,250</u>	<u>\$ 31,023</u>	<u>\$ 147,654</u>	<u>\$ 29,092</u>	<u>\$ 48,343</u>	<u>\$ 69,597</u>	<u>\$ 47,164</u>	<u>\$ 6,208</u>	<u>\$ 637,238</u>

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2018</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	1,636,377		521,395
Video/Security Woodrow Wilson and Christopher Columbus Middle School	330,000	325,023	-	4,977
	<u>\$ 6,315,422</u>	<u>\$ 4,530,646</u>	<u>\$ -</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>

**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, 2018**

Fund Balance, July 1, 2017 - Budgetary Basis	<u>\$ 1,784,776</u>
Fund Balance, June 30, 2018 - Budgetary Basis	<u>\$ 1,784,776</u>
Reconciliation of Fund Balance - GAAP Basis	
Fund Balance, June 30, 2018 - Budgetary Basis	\$ 1,784,776
Less Unearned Revenue - SDA Grant	<u>(551,511)</u>
Fund Balance, June 30, 2018 - 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, 2018**

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

Additional Project Information:

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

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT AT SCHOOL #14 AND #16
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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, 2018**

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

Additional Project Information:

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

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
WINDOW REPLACEMENT AT SCHOOL #14, #16 AND WOODROW WILSON MIDDLE SCHOOL
COLUMBUS MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 802,509		\$ 802,509	\$ 802,509
Local Share- Transfer from Capital Reserve	<u>1,355,263</u>	<u>-</u>	<u>1,355,263</u>	<u>1,355,263</u>
 Total Revenues and Other Financing Sources	 <u>2,157,772</u>	 <u>-</u>	 <u>2,157,772</u>	 <u>2,157,772</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical services	160,418		160,418	352,127
Facilities Acquisition and Construction Services	<u>1,475,959</u>	<u>-</u>	<u>1,475,959</u>	<u>1,805,645</u>
 Total Expenditures and Other Financing Uses	 <u>1,636,377</u>	 <u>-</u>	 <u>1,636,377</u>	 <u>2,157,772</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 521,395</u>	 <u>\$ -</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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 132,000		\$ 132,000	\$ 132,000
Local Share- Transfer from Capital Reserve	198,000	-	198,000	198,000
	<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
	<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, 2018**

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, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**CLIFTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 627,723	\$ 938,211	\$ 1,565,934
Due from Other Funds	-	103,532	103,532
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 627,723</u>	<u>\$ 1,041,743</u>	<u>\$ 1,669,466</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 1,041,743	\$ 1,041,743
Due to Student Groups	\$ 627,723	-	627,723
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 627,723</u>	<u>\$ 1,041,743</u>	<u>\$ 1,669,466</u>

**COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	Balance, July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
MIDDLE SCHOOLS				
Woodrow Wilson	\$ 40,613	\$ 181,731	\$ 181,627	\$ 40,717
Christopher Columbus	<u>12,908</u>	<u>58,104</u>	<u>47,009</u>	<u>24,003</u>
Total Middle Schools	<u>53,521</u>	<u>239,835</u>	<u>228,636</u>	<u>64,720</u>
HIGH SCHOOL				
Clifton High School	<u>348,291</u>	<u>507,852</u>	<u>413,866</u>	<u>442,277</u>
OTHER				
Internal Account	79,243	471,368	446,428	104,183
Athletic Account	12,621	55,775	62,006	6,390
Athletic Hall of Fame Acct	<u>5,691</u>	<u>14,248</u>	<u>9,786</u>	<u>10,153</u>
Total Other	<u>97,555</u>	<u>541,391</u>	<u>518,220</u>	<u>120,726</u>
Total All Schools	<u>\$ 499,367</u>	<u>\$ 1,289,078</u>	<u>\$ 1,160,722</u>	<u>\$ 627,723</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	Cash <u>Receipt</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
Payroll Deductions and Withholdings	\$ 1,078,234	\$ 44,218,360	\$ 44,254,851	\$ 1,041,743
Accrued Salaries and Wages	2,545	60,340,517	60,343,062	-
Due (from)/to Other Funds	<u>(97,042)</u>	<u>6,334,524</u>	<u>6,341,014</u>	<u>(103,532)</u>
Total	<u>\$ 983,737</u>	<u>\$ 110,893,401</u>	<u>\$ 110,938,927</u>	<u>\$ 938,211</u>

LONG-TERM DEBT

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<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, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Refunding Bonds	6/4/2013	\$ 7,410,000	3/1/2019	\$ 765,000	4.000%	\$ 6,125,000			
			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%				
Refunding Bonds	3/10/2015	2,530,000			810,000	-	810,000	-	
						<u>\$ 6,935,000</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>	<u>\$ 5,535,000</u>

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2017</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2018</u>
2014 (3) 24 Passenger Buses	2.19%	\$ 160,500	\$ 39,070		\$ 33,423	\$ 5,647
2014 (3) 54 Passenger Buses	2.00%	282,375	68,397		58,528	9,869
Technology Upgrade/Improvements	2.70%	1,452,997	308,166		308,166	-
2015 (2) 54 Passenger, (2) 20 Passenger and (1) 19 Passenger Buses	2.37%	353,572	152,071		72,069	80,002
2016 (3) 24 Passenger and (2) 54 Passenger Buses	2.00%	362,000	217,320		71,091	146,229
2017 (5) 54 Passenger Buses	2.15%	466,200	370,271		89,608	280,663
2018 (3) 54 Passenger Buses and (3) 24 Passenger Buses	1.74%	485,083	-	\$ 485,083	74,222	410,861
			<u>\$ 1,155,295</u>	<u>\$ 485,083</u>	<u>\$ 707,107</u>	<u>\$ 933,271</u>

**CLIFTON BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 1,596,058		\$ 1,596,058	\$ 1,596,058	
State Sources					
Debt Service Aid	<u>39,634</u>	<u>-</u>	<u>39,634</u>	<u>39,634</u>	<u>-</u>
Total Revenues	<u>1,635,692</u>	<u>-</u>	<u>1,635,692</u>	<u>1,635,692</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,400,000		1,400,000	1,400,000	
Interest	<u>250,265</u>	<u>-</u>	<u>250,265</u>	<u>250,265</u>	<u>-</u>
Total Expenditures	<u>1,650,265</u>	<u>-</u>	<u>1,650,265</u>	<u>1,650,265</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,573)</u>	<u>-</u>	<u>(14,573)</u>	<u>(14,573)</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>14,573</u>	<u>-</u>	<u>14,573</u>	<u>14,573</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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,									
	2009	2010	2011 (Restated)	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 61,167,395
Restricted	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	10,782,544
Unrestricted	(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)	(38,551,529)
Total governmental activities net position	\$ 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	\$ 33,398,410
Business-type activities										
Net Investment in Capital Assets	\$ 97,834	\$ 134,696	\$ 118,590	\$ 97,993	\$ 215,922	\$ 219,498	\$ 182,189	\$ 149,283	\$ 124,275	\$ 238,609
Unrestricted	399,392	685,691	1,058,601	974,466	946,261	796,367	838,892	792,413	768,467	464,110
Total business-type activities net position	\$ 497,226	\$ 820,387	\$ 1,177,191	\$ 1,072,459	\$ 1,162,183	\$ 1,015,865	\$ 1,021,081	\$ 941,696	\$ 892,742	\$ 702,719
District-wide										
Net Investment in capital assets	\$ 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	\$ 61,406,004
Restricted	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	10,782,544
Unrestricted	(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)	(38,087,419)
Total district net position	\$ 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	\$ 34,101,129

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 99,041,238
Special education	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	34,515,919
Other instruction	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	12,446,316
School Sponsored Activities and Athletics	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	2,953,074
Support Services:										
Student & instruction related services	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	36,567,862
Educational Media/School Library	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	2,462,443
School Administrative services	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	12,027,013
General administration	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	3,242,628
Central Services	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	3,128,237
Plant operations and maintenance	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	17,918,558
Pupil transportation	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	9,804,593
Interest on long-term debt	1,306,716	1,343,236	1,010,561	989,666	968,684	873,173	535,980	534,816	468,462	407,088
Total governmental activities expenses	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	234,514,969
Business-type activities:										
Food service	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	5,279,799
Other Non Major	287,938	371,989	242,605	237,165	305,275	430,995	519,929	615,910	589,960	50,074
Total business-type activities expense	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	5,329,873
Total district expenses	\$ 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	\$ 239,844,842
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)		\$ 163,840	\$ 218,265				\$ 102,656	\$ 288,939	\$ 815,769	\$ 898,803
Support Services (tuition)									25,854	
Operating grants and contributions	\$ 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	80,069,596
Capital grants and contributions	3,664	50,469	68,178	1,587,105	-	-	1,238,641	649,771	64,385	11,808
Total governmental activities program revenues	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	80,980,207

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Food service	\$ 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	\$ 1,731,902
Other Non Major	268,838	344,735	265,266	281,594	348,439	449,785	513,999	496,031	624,330	69,957
Operating grants and contributions	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	3,329,712
Total business type activities program revenues	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	5,131,571
Total district program revenues	\$ 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	\$ 86,111,778
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (153,534,762)
Business-type activities	144,792	291,891	352,657	113,384	88,808	(147,850)	37,787	(80,204)	(51,148)	(198,302)
Total district-wide net expense	\$ (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)	\$ (153,733,064)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net and for debt:	\$ 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	\$ 133,421,953
State Aid restricted for debt service	406,440	222,259	184,062	181,134	178,050	174,797	170,304	145,357	140,439	39,634
Unrestricted grants and contributions	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	21,391,163
Miscellaneous income	1,207,026	768,389	543,737	1,001,353	2,866,965	1,107,607	811,998	899,379	849,270	1,198,392
Transfers	(19,100)	(27,254)	-	3,962	-	-	32,836	-	-	-
Total governmental activities	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	156,051,142
Business-type activities:										
Investment earnings	5,326	4,016	4,137	1,312	916	1,532	265	819	1,586	1,423
Miscellaneous income									608	6,856
Transfers	19,100	27,254	-	(3,962)	-	-	(32,836)	-	-	-
Total business-type activities	24,426	31,270	4,137	(2,650)	916	1,532	(32,571)	819	2,194	8,279
Total district-wide	\$ 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	\$ 156,059,421
Change in Net Position										
Governmental activities	\$ (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)	\$ 2,516,380
Business-type activities	169,218	323,161	356,794	110,734	89,724	(146,318)	5,216	(79,385)	(48,954)	(190,023)
Total district	\$ (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)	\$ 2,326,357

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 494,618	\$ 1,068,024								
Unreserved	(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	\$ 11,949,279
Committed								579,811	1,516,704	2,647,302
Assigned			913,999	3,062,633	3,102,293	1,616,132	1,337,218	2,007,667	2,059,547	2,822,895
Unassigned			350,415	(97,438)	(179,677)	(185,926)	(54,937)	130,380	(42,465)	(21,659)
Total general fund	<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>	<u>\$ 17,397,817</u>
All Other Governmental Funds										
Reserved				\$ 33,413	\$ 33,412					
Unreserved	\$ 1,031,298	\$ 192,067								
Restricted			\$ 36,759			\$ 172,484	\$ 2,192,139	\$ 1,336,745	\$ 1,247,838	\$ 1,233,265
Total all other governmental funds	<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>	<u>\$ 1,233,265</u>

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 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	\$ 133,421,953
Tuition charges										
Miscellaneous	1,214,799	942,129	770,467	1,010,802	2,873,405	1,124,621	921,572	1,192,615	1,695,401	2,126,227
State sources	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	53,505,419
Federal sources	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	11,351,861
Total revenue	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	200,405,460
Expenditures										
Instruction										
Regular Instruction	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	81,446,379
Special education instruction	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	29,069,721
Other instruction	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	10,429,285
School sponsored activities and athletics	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	2,436,770
Support Services:										
Student & inst. related services	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	30,410,449
Attendance and Social Work	365,542	400,291	432,272	434,011	-	-	-	-	-	-
Educational Media/School Library	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	1,986,245
General administration	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	3,037,088
School administrative services	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	9,540,657
Central services	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	2,786,392
Plant operations and maintenance	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	12,295,485
Pupil transportation	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	8,969,400
Capital outlay	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	2,676,962
Debt service:										
Refunding bond issuance costs				58,685	100,366	-	26,068			
Advance Refunding Escrow				61,170	610,495	-				
Principal	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	2,107,107
Interest and other charges	1,277,416	1,146,462	1,114,920	974,132	895,237	805,306	673,270	546,453	475,868	395,954
Total expenditures	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	197,587,894
Excess (Deficiency) of revenues over (under) expenditures	(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	2,817,566

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing sources (uses)										
Proceeds from borrowing										
Capital leases (non-budgeted)	\$ 319,784	\$ 295,849	\$ 390,219	\$ 436,632	\$ 444,870	\$ 1,452,997	\$ 353,572	\$ 362,000	\$ 466,200	\$ 485,083
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	52,356	571,829	159,574	49,824	-	445,000	3,539,489			
Transfers out	(71,456)	(599,083)	(159,574)	(45,862)	-	(445,000)	(3,506,653)	-	-	-
Total other financing sources (uses)	300,684	268,595	390,219	581,288	1,155,731	1,452,997	412,476	362,000	466,200	485,083
Net change in fund balances	\$ (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	\$ 3,302,649
Debt service as a percentage of noncapital expenditures	3.43%	2.54%	2.62%	2.53%	2.40%	2.49%	2.32%	1.95%	1.87%	1.28%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Interest Earned	Book Fines	Rentals	Refund P/Y Expend	Cancellation PY Payables	Tuition	E-Rate Refund	Miscellaneous	Total
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
2018	156,380	4,902	146,177	284,270	17,375	898,803	197,621	391,667	2,097,195

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
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
2018	46,380,900	3,800,876,300	292,100	12,400	797,052,600	517,323,300	140,540,900	5,302,478,500	7,000,090	5,309,478,590	9,786,938,176	2.526

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>
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
2018	2.526	1.546	1.351	5.423

Source: County Abstract of Ratables

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

Taxpayer	2018	
	Taxable Assessed Value	% of Total District Net Assessed Value
201 Main Ave LLC	\$ 48,000,000	0.90%
Castleton Assoc. LLC	40,501,500	0.76%
GI TC 2 Peckay 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%
Styertowne Shopping Center	19,678,800	0.37%
Exelis Inc	19,500,000	0.37%
	\$ 303,255,500	5.71%

	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman La Roche	\$ 132,047,700	2.48%
Clifton Commons, LLC	40,863,500	0.77%
Castleton Assoc. LLC	35,036,800	0.66%
Public Service	32,535,600	0.61%
Morris Clifton Assoc. LLC	23,950,000	0.45%
Country Club Towers I & II LLC	23,471,900	0.44%
ITT Industries Inc.	20,000,000	0.38%
Styertowne Shopping Center	19,607,600	0.37%
Clifpass Development	16,686,100	0.31%
Target Corp	15,659,400	0.29%
	\$ 359,858,600	6.76%

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	
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%	-
2018	133,421,953	133,421,953	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			
2009	\$ 27,648,000	\$ 496,302	\$ 28,144,302	78,224	\$ 360
2010	24,958,000	558,773	25,516,773	84,201	303
2011	22,293,000	697,037	22,990,037	84,888	271
2012	19,591,000	809,147	20,400,147	85,153	240
2013	16,872,000	877,152	17,749,152	85,597	207
2014	14,122,000	1,709,793	15,831,793	86,095	184
2015	11,512,000	1,728,103	13,240,103	86,320	153
2016	9,217,000	1,396,518	10,613,518	86,414	123
2017	6,935,000	1,155,295	8,090,295	86,607	93
2018	5,535,000	933,271	6,468,271	86,607 *	75

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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 27,648,000	\$ 99,816	\$ 27,548,184	0.52%	\$ 352
2010	24,958,000	1	24,957,999	0.47%	296
2011	22,293,000	1	22,292,999	0.42%	263
2012	19,591,000	33,413	19,557,587	0.37%	230
2013	16,872,000	33,412	16,838,588	0.32%	197
2014	14,122,000	44,170	14,077,830	0.26%	164
2015	11,512,000	90,567	11,421,433	0.21%	132
2016	9,217,000	60,970	9,156,030	0.17%	106
2017	6,935,000	14,573	6,920,427	0.13%	80
2018	5,535,000		5,535,000	0.10%	64

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, 2017
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Board of Education	\$ 6,125,000	\$ 6,125,000	
City	<u>122,427,161</u>	<u>39,824,182</u>	<u>\$ 82,602,979</u>
	<u>\$ 128,552,161</u>	<u>\$ 45,949,182</u>	82,602,979
Overlapping Debt Apportioned to the Municipality:			
Passaic County:			
County of Passaic (A)			72,995,585
Passaic County Utilities Authority- Solid Waste (A)			10,454,405
Passaic Valley Sewerage Commission (B)			13,381,321
Passaic Valley Water Commission (C)			17,821,329
North Jersey District Water Supply Commission (B)			<u>1,307,842</u>
 Total Direct and Overlapping Debt			 <u>\$ 198,563,461</u>

Source:

(1) City's 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to the City by dividing the municipality's 2017 equalized value by the total 2017 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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 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	\$ 380,672,815
Total net debt applicable to limit	<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>	<u>5,535,000</u>
Legal debt margin	<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>	<u>\$ 375,137,815</u>
Total net debt applicable to the limit as a percentage of debt limit	6.35%	5.69%	5.22%	4.82%	4.34%	3.70%	3.04%	2.43%	1.83%	1.45%

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis	
	2017	\$ 9,634,886,765
	2016	9,584,485,971
	2015	<u>9,331,088,369</u>
		<u>\$ 28,550,461,105</u>
Average equalized valuation of taxable property		\$ 9,516,820,368
Debt limit (4 % of average equalization value)		380,672,815
Total Net Debt Applicable to Limit		<u>5,535,000</u>
Legal debt margin		<u>\$ 375,137,815</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>
2009	78,224	\$ 39,603	7.4%
2010	84,201	40,439	10.2%
2011	84,888	42,086	7.4%
2012	85,153	42,804	10.1%
2013	85,597	43,120	8.8%
2014	86,095	45,053	6.9%
2015	86,320	46,840	5.8%
2016	86,414	47,547	5.0%
2017	86,607	N/A	4.7%
2018	86,607 *	N/A	N/A

Source: New Jersey State Department of Labor and Workforce Development

N/A - Not Available

* Estimate

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

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2018</u>
Instruction										
Regular	684	659	642	665	682	693	703	705	702	705
Special education	135	120	121	131	143	150	152	160	167	172
Other special education	50	52	60	59	146	160	168	177	181	178
Vocational										
Other instruction	11	13	27	24	22	26	23	24	23	21
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	166	166	152	162	177	177	186	182	180	181
General administration	10	8	8	7	7	7	7	7	7	7
School administrative services	76	78	73	70	72	77	78	70	68	68
Other administrative services										
Central services	17	16	15	15	18	18	17	17	16	16
Administrative Information Technology	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	98	98	96	94	94	98	96	98	97	98
Pupil transportation	44	47	47	47	47	47	47	46	46	46
Other support services	43	55	62	72	24	24	24	24	24	24
Food Service	21	15	14	13	10	10	7	7	4	3
Total	<u>1,358</u>	<u>1,330</u>	<u>1,320</u>	<u>1,362</u>	<u>1,445</u>	<u>1,490</u>	<u>1,511</u>	<u>1,520</u>	<u>1,518</u>	<u>1,522</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	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				
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%
2018	10,693	192,407,871	17,994	7.53%	877	13.35	10.89	12.85	10,947	10,520	-1.83%	96.10%

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)**

	2009	2010	2012	2013	2014	2015	2016	2017	2018
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	277	290	300	307	297	301	308	289	281
School No. 2 (1930)									
Square Feet	60,660	60,660	60,660	60,600	60,600	60,600	60,600	60,600	60,600
Capacity (students)	339	339	339	339	339	339	339	339	339
Enrollment ^a	389	428	430	419	432	439	436	411	426
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	273	285	300	319	312	292	291	298	296
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	158	151	157	165	174	168	179	176	170
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	342	367	368	376	365	384	382	368	378
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	202	219	220	232	226	217	220	233	227
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	288	309	333	342	345	325	315	325	335
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	464	469	450	461	482	500	471	468	461
School No. 12 (1910)									
Square Feet	69,969	69,969	69,969	69,969	69,969	69,969	69,969	69,969	69,969
Capacity (students)	411	411	411	411	411	411	411	411	411
Enrollment	577	585	594	664	668	661	541	574	570

Continued

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

	2009	2010	2012	2013	2014	2015	2016	2017	2018
<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	424	440	463	440	475	462	480	499	484
School No. 14 (1953)									
Square Feet	39,815	39,815	47,915	47,915	47,915	47,915	47,915	47,915	47,915
Capacity (students)	267	267	267	267	267	267	267	267	267
Enrollment	293	38	346	339	332	348	373	399	416
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	332	345	347	361	362	364	363	351	344
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	245	235	207	214	225	249	217	244	248
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	532	554	561	552	593	600	629	622	604
<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	1,193	1,153	1,216	1,201	1,173	1,152	1,197	1,225	1,224
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	1,224	1,303	1,346	1,295	1,263	1,218	1,205	1,187	1,194
<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	3,239	2,819	3,299	3,235	3,130	2,712	3,001	2,919	2,929

Continued

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

	2009	2010	2012	2013	2014	2015	2016	2017	2018
<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, 2018									
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>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>	<u>2018</u>
SCHOOL FACILITIES										
Board of Education Building	\$ 42,994	\$ 41,155	\$ 27,053	\$ 36,082	\$ 29,801	\$ 26,843	\$ 21,398	\$ 28,309	\$ 37,528	\$ 44,170
Clifton Stadium	31,604	20,398	9,593	12,088	4,845	6,283	1,420	12,655		15,555
Transportation	30,385	26,443	24,657	20,918	28,127	20,164	19,862	26,754	35,555	29,129
Clifton High School	308,167	222,784	244,797	246,740	258,469	222,711	199,160	240,603	326,721	368,996
Clifton High School Annex			49,378	40,656	51,734	52,144	37,077	49,418	65,674	77,298
Woodrow Wilson Middle School	104,258	117,121	98,474	90,294	106,304	103,273	97,673	106,352	134,547	142,740
Christopher Columbus Middle School	118,698	84,449	78,121	74,594	92,079	64,681	76,951	86,894	115,478	151,540
School No. 1	35,471	24,513	30,459	20,204	23,676	21,650	30,719	22,616	30,055	35,375
School No. 2	51,582	49,520	37,714	36,972	45,171	40,140	35,699	42,824	56,901	66,964
School No. 3	45,384	41,583	34,318	31,742	35,862	29,390	41,882	32,711	43,471	51,167
School No. 4	23,860	20,380	24,938	13,384	15,801	21,752	18,632	15,094	20,059	23,609
School No. 5	41,618	42,630	35,675	32,441	37,600	29,828	37,791	35,048	46,577	54,822
School No. 8	28,622	23,242	18,283	48,389	20,568	18,718	27,195	19,647	26,110	30,732
School No. 9	45,470	36,627	33,187	35,456	38,597	31,811	28,221	36,869	48,997	57,670
School No. 11	58,837	44,086	38,550	35,100	42,086	34,458	34,960	40,201	53,427	62,883
School No. 12	53,797	49,556	45,418	39,032	51,509	46,535	42,060	54,574	65,436	77,054
School No. 12 Annex	8,396	62,488	-							
School No. 13	55,918	52,299	49,122	39,400	38,771	30,839	27,396	37,035	49,218	57,929
School No. 14	35,097	30,573	24,019	21,246	35,668	27,598	33,094	33,826	44,954	52,911
School No. 15	37,375	26,245	23,255	24,042	22,068	19,564	18,996	29,929	28,015	32,973
School No. 16	39,429	35,156	34,332	31,292	27,859	26,952	21,572	26,611	35,365	41,626
School No. 17	108,406	86,965	79,686	73,022	69,103	76,836	68,007	70,279	86,607	101,937
GRAND TOTAL	\$ 1,305,368	\$ 1,138,213	\$ 1,041,029	\$ 1,003,094	\$ 1,075,698	\$ 952,170	\$ 919,765	\$ 1,048,249	\$ 1,350,695	\$ 1,577,080

Source: District Records

**CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2018**

	<u>Coverage</u>	<u>Deductible</u>
Package Policy - American Alternative Insurance Company		
GPPAPF6056488-01		
<u>Property and Casualty</u>		
Building & Contents Including Equipment Breakdown	\$ 271,267,582	\$ 5,000
Commercial General Liability	\$ 1,000,000	N/A
General Aggregate	\$ 3,000,000	
Boiler & Machinery Blanket Property Limit	\$ 100,000,000	\$ 1,000
Crime- Blanket Employee Dishonesty	\$ 500,000	\$ 5,000
Forgery or Alteration	\$ 250,000	\$ 1,000
Form C- Loss Inside & Outside Money & Securities	\$ 250,000	\$ 1,000
Computer Fraud & Fund Transfer Fraud	\$ 250,000	\$ 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	
Comprehensive & Collision		\$ 1,000
 <u>Commercial Umbrella- American Alternative Ins. Co.</u>		
GPPAPF6056488-01	Limit \$ 9,000,000	Retention \$ 10,000
 <u>Excess Liability- Fireman's Fund</u>		
Policy SHX-000-2460-5784	\$ 50,000,000	\$ 10,000
 <u>School Board Legal Liability E&O - Darwin National Assurance</u>		
Policy - ELL0950349	Limit \$ 1,000,000	Deductible \$ 25,000
Employment Practices Liability	\$ 1,000,000	\$ 75,000
 <u>Public Official Bonds-Hartford Fidelity Bonding</u>		
13BSBHL2167 Edward J. Appleton 4/14/17 to 4/14/2018	\$ 10,000	N/A
13BSBHN0085 Michael Ucci Asst Business Adm 6/30/2017-2018	\$ 10,000	N/A
13BSBBU3966 G. Harriet Schuster - Student Activity Fund Director	\$ 50,000	N/A
13BSBHO9993 Edward J. Appleton 11/1/2017 to 4/13/2018 *	\$ 605,000	
*Treasurer Tax Collector Subordinates Handling Money		
 <u>Accidental Death & Dismemberment - Unum</u>		
Policy - BTA 37350		
Principal Sum	\$ 100,000	N/A
Aggregate	\$ 500,000	N/A

**CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2018
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>Environmental Impairment Liability-Site Specific-CHUBB</u>		
<i>Claims Made Form</i>	Limit	Deductible
<i>Policy - PPE G27064607-006</i>		
Each Occurrence	\$ 1,000,000	
Per Named Insured Aggregate Sublimit of Liability	\$ 3,000,000	
Policy Aggregate al "Pollution Conditions"	\$ 10,000,000	\$ 25,000
Per Fungi or legionella "Pollution Condition"		\$ 50,000
<u>Student Accident - Zurich American Insurance Company</u>		
Policy Number MCB 5858999 Voluntary Accident (Optional Purchase)		
MCB 5858805 Accident Medical		
Maximum Benefit Class I	\$ 25,000	\$0
Class II	\$ 5,000,000	\$25,000
Class III	\$ 25,000	\$0
<u>Cyber Coverage - Indian Harbor Insurance Co</u>		
Policy - MTP004157204		
Third Party Liability Coverage		
Combined Policy/Aggregate Limit	\$ 4,000,000	\$ 25,000
Media	\$ 2,000,000	\$ 25,000
Privacy & Cyber Security	\$ 2,000,000	\$ 25,000
Privacy & Regulatory Defense, Awards & Fines	\$ 2,000,000	\$ 25,000
First Party Coverages		
Business Interruption & Extra Expense	\$ 1,000,000	10 hr waiting
Data Recovery	\$ 1,000,000	\$ 25,000

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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clifton Board of Education as of and for the fiscal year ended June 30, 2018 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 January 29, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clifton Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002.

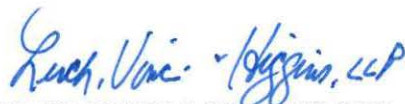
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Clifton Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 29, 2019.

Clifton Board of Education's Responses to Findings

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

Purpose of this Report

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



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 29, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND 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**

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 Clifton Board of Education's major federal and state programs for the fiscal year ended June 30, 2018. 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, 2018.

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 and which are described in the accompanying schedule of findings and questioned costs as items 2018-003, 2018-004 and 2018-005. 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 2018-003, 2018-004 and 2018-005 that we consider to be significant deficiencies.

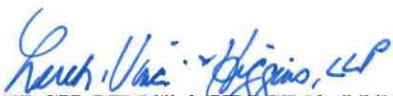
The Clifton Board of Education's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Clifton Board of Education's responses were not subjected to the auditing procedures applied in the audit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

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

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

Report on Schedules 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, 2018 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 January 29, 2019, 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
January 29, 2019

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2017	A/R Carryover Amount	Unearned Revenue Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2018			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	1705N15MAP	N/A	7/1/16-6/30/17	\$ 405,236	\$ (30,708)	-	-	\$ 30,708					
Special Education Medicaid Initiative	93.778	1805N15MAP	N/A	7/1/17-6/30/18	261,647	-	-	-	199,260	\$ 261,647	\$ (62,387)	-	-	\$ (62,387)
Total General Fund						(30,708)	-	-	229,968	261,647	(62,387)	-	-	(62,387)
U.S. Department of Agriculture Passed-Through State Dept. of Education														
Food Distribution Program - Non Cash Assistance	10.555	171N1304N1099	N/A	7/1/16-6/30/17	214,182	721	-	-		721				
Food Distribution Program - Non Cash Assistance	10.555	181N1304N1099	N/A	7/1/17-6/30/18	275,552					273,173		\$ 2,379		
School Breakfast Program	10.553	171N1304N1099	N/A	7/1/16-6/30/17	412,547	(31,857)	-	-		31,857				
School Breakfast Program	10.553	181N1304N1099	N/A	7/1/17-6/30/18	430,295					430,295	(69,817)			(69,817)
National School Lunch Program	10.555	171N1304N1099	N/A	7/1/16-6/30/17	2,432,757	(120,635)	-	-		120,635				
National School Lunch Program	10.555	181N1304N1099	N/A	7/1/17-6/30/18	2,422,016				1,981,794	2,422,016	(440,222)			(440,222)
After School Snacks	10.555	171N1304N1099	N/A	7/1/16-6/30/17	20,065	(502)	-	-		502				
After School Snacks	10.555	181N1304N1099	N/A	7/1/17-6/30/18	11,919				9,604	11,919	(2,315)			(2,315)
Total Child Nutrition Cluster										3,138,124				
Child and Adult Food Program	10.558	171N1304N1099	N/A	7/1/16-6/30/17	93,252	(15,731)	-	-		15,731				
Child and Adult Food Program	10.558	181N1304N1099	N/A	7/1/17-6/30/18	134,309				47,326	134,309	(86,983)			(86,983)
Total Enterprise Funds						(168,004)	-	-	2,843,479	3,272,433	(599,337)	2,379	-	(599,337)
U.S. Department of Education Passed-Through State Dept. of Education														
LD.E.A. Part B, Basic	84.027	H027A170100	FT-1100-18	7/1/17-6/30/18	2,674,440		\$ (735,336)	\$ 735,336	2,664,968	2,801,826	(744,808)	607,950		(136,858)
LD.E.A. Part B, Basic	84.027	H027A160100	FT-1100-17	7/1/16-6/30/17	2,676,177	(174,164)		(735,336)	174,164					
LD.E.A. Part B, Preschool	84.173	H173A170114	PS-1100-18	7/1/17-6/30/18	83,440		(83,640)	83,640	135,094	136,393	(31,986)	30,687		(1,299)
LD.E.A. Part B, Preschool	84.173	H173A160114	PS-1100-17	7/1/16-6/30/17	83,640	(12,262)		(83,640)	12,262					
Total Special Education Cluster (IDEA)										2,938,219				
Twenty-First Century	84.287C	S287C170030	N/A	9/1/17-8/31/18	499,833				259,013	466,035	(240,820)	33,798		(207,022)
Twenty-First Century	84.287C	S287C160030	N/A	9/1/16-8/31/17	499,833	(123,536)			162,150	38,614				
Total Twenty-First Century Cluster										504,649				
ESEA Title III	84.365A	S365A170030	ESEA-310900	7/1/17-6/30/18	163,537		(70,396)	70,396	201,184	216,086	(32,749)	17,847		(14,902)
NCLB Title III	84.365A	S365A160030	NCLBCV-110017	7/1/16-6/30/17	183,507	(49,528)		(70,396)	49,528					
ESEA Title III - Immigrant	84.365A	S365A170030	ESEA-310900	7/1/17-6/30/18	43,402		(43,520)	43,520	29,291	72,822	(57,631)	14,100		(43,531)
NCLB Title III - Immigrant	84.365A	S365A160030	NCLBCV-110017	7/1/16-6/30/17	47,886	(4,366)		(43,520)	4,366					
Total English Language Acquisition Cluster (Title III)										288,908				
ESEA Title I	84.010A	S010A170030	ESEA-310900	7/1/17-6/30/18	3,306,009		(305,430)	305,430	2,829,302	3,499,494	(782,137)	111,945		(670,192)
ESEA Title I - SLA	84.010A	S010A170030	ESEA-310900	7/1/17-6/30/18	16,786				7,550	7,550	(16,786)	9,236		(7,550)
NCLB Title I	84.010A	S010A160030	NCLBCV-110017	7/1/16-6/30/17	3,238,638	(1,299,177)		(305,430)	1,299,177					
Total Title I Part A Grants Cluster										3,507,044				
ESEA Title II, Part A	84.367A	S367A170029	ESEA-310900	7/1/17-6/30/18	496,269		(22,732)	22,732	198,617	351,458	(320,384)	167,543		(152,841)
NCLB Title II, Part A	84.367A	S367A160029	NCLBCV-110017	7/1/16-6/30/17	265,105	(139,854)		(22,732)	139,854					
ESEA Title IV	84.424	S424A170031	ESEA-310900	7/1/17-6/30/18	43,868					3,500	(43,868)	40,368		(3,500)
Preschool Expansion Aid	84.419B	S419B150020	N/A	7/1/17-6/30/18	3,143,507		(278,543)	278,543	1,816,821	3,343,795	(1,605,229)	78,255		(1,526,974)
Preschool Expansion Aid	84.419B	S419B150020	N/A	7/1/16-6/30/17	3,140,644	(965,889)		(278,543)	278,543					
Temporary Emergency Impact Aid for Displaced Students	84.938C	N/A	N/A	7/1/17-6/30/18	132,125					132,125	(132,125)			(132,125)
Carl D. Perkins	84.243A	N/A	PERK219018	7/1/17-6/30/18	20,516				18,161	20,516	(2,355)			(2,355)
Carl D. Perkins	84.243A	N/A	PERK219017	7/1/16-6/30/17	75,227	(61,583)			61,583					
Total Special Revenue Fund						(2,830,359)	-	-	11,021,424	11,090,214	(4,010,878)	1,111,729	-	(2,899,149)
Total						\$ (3,029,071)	\$ -	\$ -	\$ 14,094,871	\$ 14,624,294	\$ (4,672,602)	\$ 1,114,108	\$ -	\$ (3,560,873)

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, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2018			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	18-100-034-5120-075	7/1/17-6/30/18	\$ 39,634	-	-	-	-	\$ 39,634	\$ 39,634	-	-	-	-	-	-	\$ 39,634
Total Debt Service				-	-	-	-	39,634	39,634	-	-	-	-	-	-	39,634
State Economic Development Authority Educational Facilities Construction and Financing Act Capital Projects Fund																
Roof Replacement at High School and School #	0900-080-14-GZ XU 0900-030-14-GZ LI	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-GZ LN 09-210-GZ LR	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	0900-210-14-GZ LS 0900-190-14-GZ LO	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-GZ LM 0900-190-14-GZ LP 0900-210-14-GZ LQ	07/1/13-6/30/14	802,509	(802,509)	147,958							(802,509)	147,958		(802,509)	-
Video Camera/Security Upgrade at Woodrow Wilson and Christopher Columbus Middle School	0900-070-14-GZ LL 0900-035-14-GZ LK	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)	551,511	-	-	-	-	-	-	(1,225,203)	551,511	-	(1,225,203)	-
State Department of Agriculture National School Lunch Fgmn.(State Share)	17-100-010-3350-023	7/1/16-6/30/17	55,673	(7,625)				7,625								
National School Lunch Fgmn.(State Share)	18-100-010-3350-023	7/1/17-6/30/18	57,279	-				47,046	57,279			(10,233)			(10,233)	57,279
Total Enterprise Funds				(7,625)	-	-	-	54,671	57,279	-	-	(10,233)	-	-	(10,233)	57,279
Total State Financial Assistance Subject to Single Audit Determination				\$ (3,736,570)	\$ 551,511	\$ 91,087	\$ -	\$ 53,888,599	\$ 53,703,322	\$ 91,087	\$ -	\$ (3,726,604)	\$ 551,511	\$ 175,311	\$ (1,457,136)	\$ 53,703,322
Less On-Behalf TPAF Pension and Annuity Aid																
Normal								10,008,916								
NCCI								242,891								
Long-Term Disability Insurance								20,297								
Post Retirement Medical								6,621,425								
Total State Financial Assistance Subject to Major Program Determination								\$ 36,809,793								

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

**CLIFTON BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$140,624 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	\$ 261,647	\$ 52,828,547	\$ 53,090,194
Special Revenue Fund	11,090,214	637,238	11,727,452
Debt Service Fund		39,634	39,634
Food Service Fund	<u>3,272,433</u>	<u>57,279</u>	<u>3,329,712</u>
Total Financial Assistance	<u>\$ 14,624,294</u>	<u>\$ 53,562,698</u>	<u>\$ 68,186,992</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, 2018**

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 \$5,197,389 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$10,251,807, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$6,621,425 and TPAF Long-Term Disability Insurance in the amount of \$20,297 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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, 2018**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

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

Internal Control over compliance:

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

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

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

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

Auditee qualified as low-risk auditee? X yes 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>H027A170100/H173A170114</u>	<u>Special Education Cluster (IDEA)</u>
<u>84.419B</u>	<u>S419B150020</u>	<u>Preschool Expansion Aid</u>
<u>10.553 & 10.555</u>	<u>181NJ304N1099</u>	<u>Child Nutrition Cluster</u>
<u>84.010A</u>	<u>S010A170030</u>	<u>Title I</u>
<u> </u>	<u> </u>	<u> </u>
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**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$ 1,104,294

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>18-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>18-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with paragraph 5-18 through 5.20 of *Government Auditing Standards*.

Finding 2018-001

The District's various grant budget account lines relating to Preschool Expansion Aid and 21st Century were not modified and in agreement with the final grant amendments. As a result, various grant budget account lines were overexpended on the District's internal records but not on the final grant reports at June 30, 2018.

Criteria or Specific Requirement

State Department of Education's GAAP Technical Systems Manual, Generally Accepted Accounting Principles.

Condition

See Finding 2018-001

Context

- Nine (9) grant budget account lines for Preschool Expansion Aid were overexpended for a total amount of \$201,234 as a result of these grant budget lines not being modified and in agreement with the final grant amendment.
- Two (2) grant budget account lines for 21st Century were overexpended for a total amount of \$48,424 as a result of these grant budget lines not being modified and in agreement with the final grant amendment.

Effect

The District's various grant budget accounts were overexpended on the District's internal records at June 30, 2018.

Cause

Internal accounting records were not reviewed for availability of funds.

Recommendation

Districts internal controls be enhanced to ensure that all federal grant amendments are in agreement with grant budget account lines and to prevent budgetary overexpenditures on the District's internal records under the federal grant programs.

View of Responsible Officials and Planned Corrective Action

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

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with paragraph 5-18 through 5.20 of *Government Auditing Standards*.

Finding 2018-002

Our audit of purchases and procedures related to compliance with Public School Contracts Law revealed the following:

- We noted two (2) instances where contract awards and purchase orders were made in excess of the bid threshold where there was no documentation provided to support cooperative purchase contracts were awarded in accordance with requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
- We noted two (2) instances where State and cooperative purchase contract awards and purchases were made in excess of the bid threshold where there was no Board resolution provided to support awarding these contracts.

Criteria or Specific Requirement

N.J.S.A. 18A:18A – Public School Contracts Law

Condition

Purchases of various goods and serviced were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Context

- Purchases and contracts for technology and instructional supplies in the amount of \$327,841 and chromebooks in the amount of \$525,243 were made in excess of bid threshold for which documents were unavailable to determine if awards were procured through cooperative purchasing process in accordance with Public School Contracts Law.
- State and cooperative purchases and contracts for technology and instructional supplies in the amount of \$327,841 and food service equipment in the amount of \$57,540 were made in excess of bid threshold for which board resolutions were not provided to support awarding these contracts.

Effect

Noncompliance with requirements of the Public School Contracts Law.

Cause

Unknown.

Recommendation

- Documentation be maintained on file and be made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- All State and cooperative purchase contracts in excess of the bid threshold be approved by Board resolution.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will review and 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, 2018**

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 2018-003

The District's various grant budget account lines relating to Preschool Expansion Aid were not modified and in agreement with the final grant amendment. As a result, various grant budget account lines were overexpended on the District's internal records but not on the final grant report at June 30, 2018.

Information on Federal Program

Preschool Expansion Aid 84.419B

Criteria or Specific Requirement

Federal Grant Compliance Supplement – Reporting

Condition

See Finding 2018-003

Questioned Costs

Unknown.

Context

Nine (9) grant budget account lines for Preschool Expansion Aid were overexpended for a total amount of \$201,234 as a result of these grant budget lines not being modified and in agreement with the final grant amendment.

Effect

The District is not in compliance with Federal Grant Compliance Supplement.

Cause

Internal accounting records were not reviewed for availability of funds.

Recommendation

Districts internal controls be enhanced to ensure that all Federal grant amendments are in agreement with grant budget account lines and to prevent budgetary overexpenditures on the District's internal records under the Federal grant programs.

View of Responsible Officials and Planned Corrective Action

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

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018-004

Our audit of purchases and procedures related to compliance with Public School Contracts Law revealed the following:

- We noted two (2) instances where contract awards and purchase orders were made in excess of the bid threshold where there was no documentation provided to support cooperative purchase contracts were awarded in accordance with requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
- We noted two (2) instances where State and cooperative purchase contract awards and purchases were made in excess of the bid threshold where there was no Board resolution provided to support awarding these contracts.

State Program Information

Special Education Aid	495-034-5120-089
Equalization Aid	495-034-5120-078
Security Aid	495-034-5120-084
Under Adequacy Aid	495-034-5120-096
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097
Professional Learning Community Aid	495-034-5120-101

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
N.J.S.A. 18A:18A- Public School Contracts Law

Condition

Purchases of various goods and serviced were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Questioned Costs

Unknown.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)

Finding 2018-004 (Continued)

Context

- Purchases and contracts for technology and instructional supplies in the amount of \$327,841 and chromebooks in the amount of \$525,243 were made in excess of bid threshold for which documents were unavailable to determine if awards were procured through cooperative purchasing process in accordance with Public School Contracts Law.
- State and cooperative purchases and contracts for technology and instructional supplies in the amount of \$327,841 and food service equipment in the amount of \$57,540 were made in excess of bid threshold for which board resolutions were not provided to support awarding these contracts.

Effect

Noncompliance with requirements of the Public School Contracts Law.

Cause

Unknown.

Recommendation

- Documentation be maintained on file and be made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- All State and cooperative purchase contracts in excess of the bid threshold be approved by Board resolution.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will review and 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, 2018**

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 (Continued)

Finding 2018-005

Our audit noted that additional withdrawals from capital reserve to the capital outlay budget accounts were not submitted to the Executive County Superintendent for approval.

State Program Information

Special Education Aid	495-034-5120-089
Equalization Aid	495-034-5120-078
Security Aid	495-034-5120-084
Under Adequacy Aid	495-034-5120-096
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097
Professional Learning Community Aid	495-034-5120-101

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
N.J.S.A. 18A:18A- Public School Contracts Law

Condition

Additional withdrawals from capital reserve to the capital outlay budget to fund certain capital projects were not in compliance with the procedures specified in the New Jersey Administrative Code.

Questioned Costs

Unknown.

Context

Withdrawals from capital reserve to fund certain capital projects for:

- Electrical upgrade at School No. 2 - \$297,700
- Generators at the Clifton High School and Administrative Building - \$294,400
- HVAC upgrade at Clifton High School - \$1,798,800
- Boiler replacement at School No. 1 - \$57,978.

Were not submitted to the Executive County Superintendent for approval.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)

Finding 2018-005 (Continued)

Effect

Noncompliance with requirements of the N.J.A.C. 6A:23A-13.3(h).

Cause

Unknown.

Recommendation

All additional withdrawals from capital reserve to the capital outlay budget be submitted to the Executive County Superintendent for approval.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and 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, 2018**

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 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.

Current Status

Corrective action was taken.

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.

Current Status

Corrective action was taken.