

CLIFTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CLIFTON, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Clifton Board of Education
Clifton, New Jersey
For The Fiscal Year Ended June 30, 2019**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

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

November 14, 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, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Clifton Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Clifton School District. All disclosures necessary to enable the reader to gain an understanding of the Clifton School District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Clifton School District's Organizational Chart and a list of principal officials. The financial section includes the financial statements and schedules as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Clifton School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as Amended and the United States Office of Management Uniform Guidance, and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings, recommendations are included in the single audit section of this report.

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

The Clifton School District provides a full range of educational services appropriate to grade levels 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 2018-2019 fiscal year with an average daily enrollment of 11,087 for in-district students. The district also had 119 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 2.00%. With expenditures such as salary increases and health insurance costs exceeding 2.00%, it is difficult to balance the appropriation within the 2.00% 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 2018-2019 school year as follows:

- Maintained training and implementation of the Danielson Model using the Frontline Evaluation Platform to provide Danielson training and observation. Yearly continuation of the Frontline program subscription.
- Support Math Adoption of Envisions 2.0 in grade K-5 to strengthen Math program
- Supported full implementation of new Next Generation Science series in elementary grades and began to roll out of Defined STEM across all grade levels 3-12
- Added CHS Science staff to support district CHS STEM Academies.
- Added 3 inclusion Kindergarten classes and reduced the number of self-contained Kindergarten classes to increase student access to the least restrictive environment.
- Continued intensive professional development and in-class coaching for Literacy interventions including Wilson FOUNDATIONS, Orton Gillingham and Reading Recovery. Increased the number of teachers trained at Level 1 and Level 2. Yearly replacement of 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, NJSLA 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 193 instructional computers and 124 printers throughout the district. [Local Funds]
- Added 360 Chromebooks district-wide for teacher and student use to support the development of 21st Century learning skills as well NJSLA administration. [Local funds]
- Completed 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]
- Piloted Defined STEM project-based learning program. [Local Funds]

- Piloted Imagine Math and Dreambox Math Programs. [Local Funds]
- Piloted MyOn reading program. [Local 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) Implementation and completion of the district-wide security upgrade.
 - ii) Completion of the School #2 electrical upgrade.
 - iii) Completion of the installation of emergency generators at the Clifton High School and administration building.
 - iv) Construction of the renovation of the Clifton High School auditorium to include HVAC.
 - v) Initial phase of the School #1 boiler replacement.
 - vi) Initial phase of the Christopher Columbus Middle School drainage improvement project.

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 or lower than the 2.00% 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, 2019.

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, 2019 the Clifton School District's outstanding long-term debt issues included \$4,770,000 of general obligation bonds, to provide funds for acquisition and construction of major capital facilities.

8) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 3. The Clifton School District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

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

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 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,

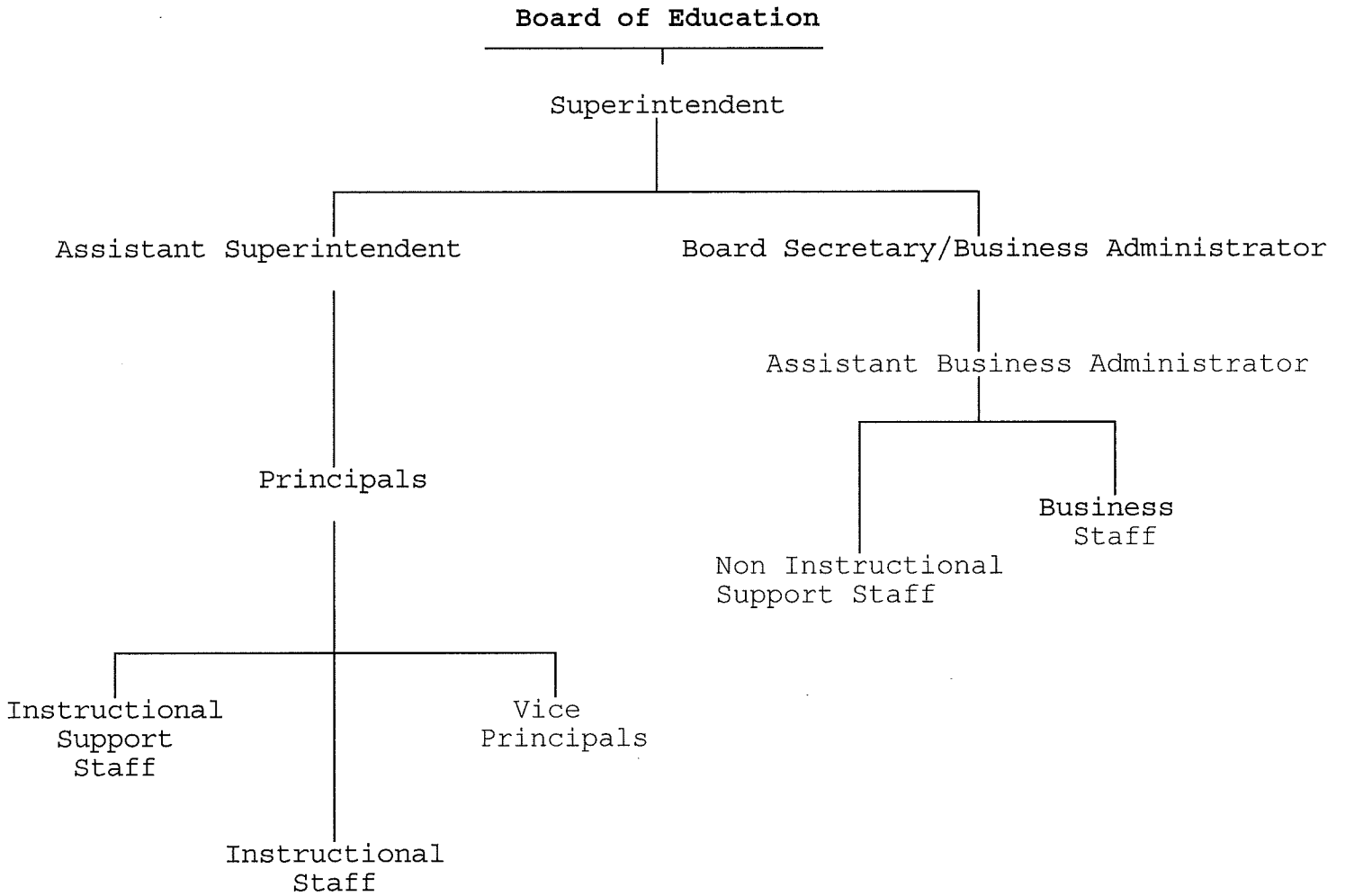


Richard Tardalo
Superintendent of Schools



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
17-17 Route# 208
Fair Lawn, New Jersey 07410

Attorneys

Machado Law Group
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Clark Parkway Plaza
136 Central Avenue, 2nd Floor
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
745 CLIFTON AVENUE
CLIFTON, NEW JERSEY 07013

ROSTER OF OFFICIALS

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Fahim Abedrabbo	Apr. 2020
Judith Bassford	Apr. 2021
Dana Beltran	Apr. 2022
Joe Canova	Apr. 2022
James Daley	Apr. 2022
Lucy Danny	Apr. 2021
Frank Kasper	Apr. 2021
Franklin Montero	Apr. 2020
Gary Passenti	Apr. 2020

Other Officials

Richard Tardalo, Superintendent of Schools

Mark Tietjen, Assistant Superintendent

Michael Ucci, Board Secretary/Business Administrator

Yusein Durakov, Assistant Board Secretary/
Assistant Business Administrator

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
Whatever, 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, 2019 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

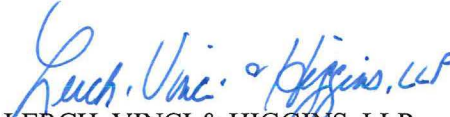
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clifton Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, 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 November 14, 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
November 14, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

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, 2019. 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 2019 are as follows:

- District-Wide - Overall revenues were \$233,206,878. General revenues accounted for \$156,254,707 or 67 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$76,952,171 or 33 percent of total revenues.
- District-Wide - The School District had \$233,765,444 in expenses; only \$76,952,171 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted state aid) of \$156,254,707 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Clifton Board of Education's governmental funds reported combined ending fund balances of \$17,358,969, a decrease of \$1,272,113 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2019 and 2018, the unassigned fund balance (deficit) reported in the General Fund was \$(354,379) and \$(21,659) respectively, a decrease from the prior year of \$332,720.

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

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

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

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

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

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

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

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 2019 and 2018. For 2019 and 2018 they were \$33,542,563 and \$34,101,129, 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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

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

Statement of Net Position
As of June 30, 2019 and 2018

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	\$ 21,196,116	\$ 21,213,564	\$ 746,506	\$ 594,319	\$ 21,942,622	\$ 21,807,883
Capital Assets	<u>66,753,053</u>	<u>67,702,786</u>	<u>300,988</u>	<u>238,609</u>	<u>67,054,041</u>	<u>67,941,395</u>
Total Assets	<u>87,949,169</u>	<u>88,916,350</u>	<u>1,047,494</u>	<u>832,928</u>	<u>88,996,663</u>	<u>89,749,278</u>
Deferred Outflows of Resources						
Deferred Amounts on Debt Refunding	187,072	249,298			187,072	249,298
Deferred Amounts on Net Pension Liability	<u>6,810,505</u>	<u>10,403,174</u>	<u>-</u>	<u>-</u>	<u>6,810,505</u>	<u>10,403,174</u>
Total Deferred Outflows of Resources	<u>6,997,577</u>	<u>10,652,472</u>	<u>-</u>	<u>-</u>	<u>6,997,577</u>	<u>10,652,472</u>
Total Assets and Deferred Outflows of Resources	<u>94,946,746</u>	<u>99,568,822</u>	<u>1,047,494</u>	<u>832,928</u>	<u>95,994,240</u>	<u>100,401,750</u>
Liabilities						
Current Liabilities	3,923,145	2,667,160	116,929	127,830	4,040,074	2,794,990
Noncurrent Liabilities	<u>45,110,066</u>	<u>53,602,034</u>	<u>-</u>	<u>-</u>	<u>45,110,066</u>	<u>53,602,034</u>
Total Liabilities	<u>49,033,211</u>	<u>56,269,194</u>	<u>116,929</u>	<u>127,830</u>	<u>49,150,140</u>	<u>56,397,024</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			2,662	2,379	2,662	2,379
Deferred Amounts on Net Pension Liability	<u>13,298,875</u>	<u>9,901,218</u>	<u>-</u>	<u>-</u>	<u>13,298,875</u>	<u>9,901,218</u>
Total Deferred Inflows of Resources	<u>13,298,875</u>	<u>9,901,218</u>	<u>2,662</u>	<u>2,379</u>	<u>13,301,537</u>	<u>9,903,597</u>
Total Liabilities and Deferred Inflows of Resources	<u>62,332,086</u>	<u>66,170,412</u>	<u>119,591</u>	<u>130,209</u>	<u>62,451,677</u>	<u>66,300,621</u>
Net Position						
Net Investment in Capital Assets	60,611,153	61,167,395	300,988	238,609	60,912,141	61,406,004
Restricted	12,929,911	10,782,544			12,929,911	10,782,544
Unrestricted	<u>(40,926,404)</u>	<u>(38,551,529)</u>	<u>626,915</u>	<u>464,110</u>	<u>(40,299,489)</u>	<u>(38,087,419)</u>
Total Net Position	<u>\$ 32,614,660</u>	<u>\$ 33,398,410</u>	<u>\$ 927,903</u>	<u>\$ 702,719</u>	<u>\$ 33,542,563</u>	<u>\$ 34,101,129</u>

Governmental activities. Governmental activities decreased the District's net position by \$783,750. Key elements of this decrease are as follows.

CLIFTON BOARD OF EDUCATION

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

**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, 2019 and 2018**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 1,186,971	\$ 898,803	\$ 1,733,287	\$ 1,801,859	\$ 2,920,258	\$ 2,700,662
Operating Grants and Contributions	70,283,999	80,069,596	3,702,066	3,329,712	73,986,065	83,399,308
Capital Grants and Contributions	45,848	11,808			45,848	11,808
General Revenues						
Property Taxes	134,081,082	133,421,953			134,081,082	133,421,953
Unrestricted State Aid	21,170,590	21,391,163			21,170,590	21,391,163
State Aid Restricted for Debt Service		39,634			-	39,634
Other	<u>1,002,676</u>	<u>1,198,392</u>	<u>359</u>	<u>8,279</u>	<u>1,003,035</u>	<u>1,206,671</u>
Total Revenues	<u>227,771,166</u>	<u>237,031,349</u>	<u>5,435,712</u>	<u>5,139,850</u>	<u>233,206,878</u>	<u>242,171,199</u>
Expenses						
Instruction						
Regular	96,152,332	99,041,238			96,152,332	99,041,238
Special	33,302,494	34,515,919			33,302,494	34,515,919
Other Instruction	12,480,936	12,446,316			12,480,936	12,446,316
School Sponsored Activities & Ath.	2,741,225	2,953,074			2,741,225	2,953,074
Support Services						
Student and Instruction Related Serv.	35,926,760	36,567,862			35,926,760	36,567,862
Educational Media/School Library	2,358,544	2,462,443			2,358,544	2,462,443
School Administrative Services	11,079,576	12,027,013			11,079,576	12,027,013
General Administrative Services	3,437,187	3,242,628			3,437,187	3,242,628
Plant Operations and Maintenance	17,871,887	17,918,558			17,871,887	17,918,558
Pupil Transportation	9,739,905	9,804,593			9,739,905	9,804,593
Central Services	3,101,276	3,128,237			3,101,276	3,128,237
Food Service			5,156,395	5,279,799	5,156,395	5,279,799
Other Programs			54,133	50,074	54,133	50,074
Interest on Long-Term Debt	<u>362,794</u>	<u>407,088</u>	<u>-</u>	<u>-</u>	<u>362,794</u>	<u>407,088</u>
Total Expenses	<u>228,554,916</u>	<u>234,514,969</u>	<u>5,210,528</u>	<u>5,329,873</u>	<u>233,765,444</u>	<u>239,844,842</u>
Change in Net Position	(783,750)	2,516,380	225,184	(190,023)	(558,566)	2,326,357
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 32,614,660</u>	<u>\$ 33,398,410</u>	<u>\$ 927,903</u>	<u>\$ 702,719</u>	<u>\$ 33,542,563</u>	<u>\$ 34,101,129</u>

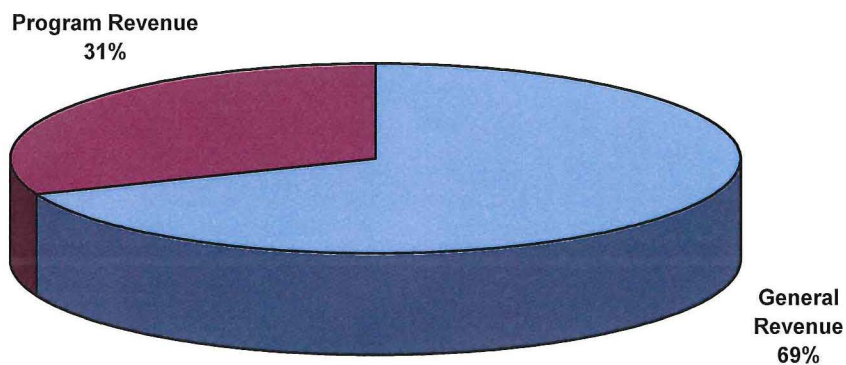
CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

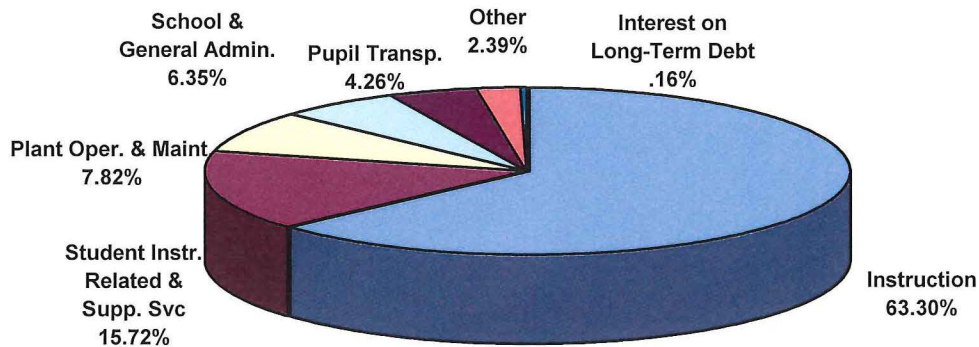
Governmental activities. The District's total governmental revenues were \$227,771,166. The general revenues included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$156,254,348 or 69% of total revenues. Program revenues from state and federal sources and charges for services and sales amounted to \$71,516,818 or 31%.

The District's total governmental expenses were \$228,554,916 which are predominantly related to instruction and support services. Instruction totaled \$144,676,987 (63%), student support services totaled \$83,515,135 (37%) and interest on long-term debt total \$362,794 (less than 1%) of total expenditures.

Revenue by Type – Governmental Activities
For Fiscal Year 2019



Expenditures by Type- Governmental Activities
For Fiscal Year 2019



CLIFTON BOARD OF EDUCATION

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

Governmental activities. (Continued)

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2019 and 2018**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Instruction				
Regular	\$ 96,152,332	\$ 99,041,238	\$ 72,263,959	\$ 68,007,176
Special Education	33,302,494	34,515,919	15,812,942	15,244,457
Other Instruction	12,480,936	12,446,316	7,031,265	6,339,764
School Sponsored Activities and Athletics	2,741,225	2,953,074	2,104,120	2,095,160
Support Services				
Student and Instruction Related Svcs.	35,926,760	36,567,862	22,423,648	20,976,789
Educational Media/School Library	2,358,544	2,462,443	1,766,688	1,671,171
General Administrative Services	3,437,187	3,242,628	3,386,564	3,139,699
School Administrative Services	11,079,576	12,027,013	8,101,643	7,934,146
Plant Operations and Maintenance	17,871,887	17,918,558	14,198,065	16,283,762
Pupil Transportation	9,739,905	9,804,593	6,574,897	8,492,498
Central Services	3,101,276	3,128,237	3,011,513	2,943,052
Interest on Long-Term Debt	362,794	407,088	362,794	407,088
Total Governmental Activities	<u>\$ 228,554,916</u>	<u>\$ 234,514,969</u>	<u>\$ 157,038,098</u>	<u>\$ 153,534,762</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2019 was \$5,210,528. These costs were funded by operating grants, charges for services and investment earnings. The operations resulted in an increase in net position of \$225,184.

Major Enterprise Fund

Food Service Program

- Food service revenues were greater than expenses by \$203,076.
- Charges for services represent 31 percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program, School Breakfast Program, and interest revenue.

CLIFTON BOARD OF EDUCATION

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

Non-Major Enterprise Funds

Integrated Summer Enrichment Experience Program.

- Revenues were greater than expenses by \$22,108.
- 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 \$17,358,969. At June 30, 2018, the fund balance was \$18,631,082.

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 \$210,428,493 and expenditures were \$211,700,606.

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, 2019 and 2018.

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 136,287,683	\$ 135,548,180	\$ 739,503	0.55%
State Sources	62,142,207	53,505,419	8,636,788	16.14%
Federal Sources	<u>11,157,982</u>	<u>11,351,861</u>	<u>(193,879)</u>	-1.71%
Total	<u>\$ 209,587,872</u>	<u>\$ 200,405,460</u>	<u>\$ 9,182,412</u>	4.58%

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

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, 2019 and 2018.

	Fiscal Year Ended <u>June 30, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase (Decrease)	Percent Change
Current:				
Instruction	\$ 132,281,627	\$ 123,382,155	\$ 8,899,472	7.21%
Support Services	73,985,221	69,025,716	4,959,505	7.19%
Capital Outlay	3,843,809	2,676,962	1,166,847	43.59%
Debt Service				
Principal	1,211,721	2,107,107	(895,386)	-42.49%
Interest and Other Costs	<u>378,228</u>	<u>395,954</u>	<u>(17,726)</u>	-4.48%
Total	<u>\$ 211,700,606</u>	<u>\$ 197,587,894</u>	<u>\$ 14,112,712</u>	7.14%

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 2019 school year.

Capital Assets

At June 30, 2019 the District – Governmental Activities had invested \$66,753,053 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, 2019 and 2018 balances.

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

Capital Assets (Continued)

Capital Assets as of June 30, 2019 and 2018 (Net of Depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 8,374,289	\$ 8,374,289			\$ 8,374,289	\$ 8,374,289
Land Improvements	3,608,245	3,568,516			3,608,245	3,568,516
Construction in Progress	2,577,917	1,255,074			2,577,917	1,255,074
Buildings and Improvements	118,843,429	117,198,057			118,843,429	117,198,057
Machinery, Equipment and Vehicles	<u>9,724,487</u>	<u>9,247,946</u>	<u>\$ 1,099,318</u>	<u>\$ 986,803</u>	<u>10,823,805</u>	<u>10,234,749</u>
Total	143,128,367	139,643,882	1,099,318	986,803	144,227,685	140,630,685
Less: Accumulated Depreciation	<u>76,375,314</u>	<u>71,941,096</u>	<u>798,330</u>	<u>748,194</u>	<u>77,173,644</u>	<u>72,689,290</u>
Total	<u>\$ 66,753,053</u>	<u>\$ 67,702,786</u>	<u>\$ 300,988</u>	<u>\$ 238,609</u>	<u>\$ 67,054,041</u>	<u>\$ 67,941,395</u>

Overall capital assets for Governmental Activities decreased \$949,733 (net of depreciation) from fiscal year 2018 to fiscal year 2019.

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, 2019, the District had \$45,110,066 of outstanding debt. This debt is comprised of serial bonds for various school improvements, capital leases for the acquisition of student transportation (buses) and LED lighting project compensated absences and net pension liability.

Long-term Liabilities

Long-Term Debt Outstanding Long-Term Liabilities As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
General Obligation Bonds, Gross	\$ 5,007,438	\$ 5,851,418
Capital Leases	1,327,171	933,271
Compensated Absences Payable	4,488,998	5,398,824
Net Pension Liability	<u>34,286,459</u>	<u>41,418,521</u>
Total	<u>\$ 45,110,066</u>	<u>\$ 53,602,034</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

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 14,226,886	\$ 909,371	\$ 15,136,257
Receivables, net			
Receivables from Other Governments	6,211,992	228,525	6,440,517
Other	56,002	253,592	309,594
Internal Balances	692,253	(692,253)	-
Inventories		47,271	47,271
Restricted Assets			
Cash and Cash Equivalents with Fiscal Agent	8,983		8,983
Capital Assets, net			
Not Being Depreciated	10,952,206		10,952,206
Being Depreciated	<u>55,800,847</u>	<u>300,988</u>	<u>56,101,835</u>
 Total Assets	 <u>87,949,169</u>	 <u>1,047,494</u>	 <u>88,996,663</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	187,072		187,072
Deferred Amounts on Net Pension Liability	<u>6,810,505</u>	<u>-</u>	<u>6,810,505</u>
 Total Deferred Outflows of Resources	 <u>6,997,577</u>	 <u>-</u>	 <u>6,997,577</u>
 Total Assets and Deferred Outflows of Resources	 <u>94,946,746</u>	 <u>1,047,494</u>	 <u>95,994,240</u>
LIABILITIES			
Accounts Payable and Other Liabilities	2,978,890	82,483	3,061,373
Payable to State Government	237,741		237,741
Unearned Revenues	620,516	34,446	654,962
Accrued Interest Payable	85,998		85,998
Noncurrent Liabilities			
Due within one year	1,202,907		1,202,907
Due beyond one year	<u>43,907,159</u>	<u>-</u>	<u>43,907,159</u>
 Total Liabilities	 <u>49,033,211</u>	 <u>116,929</u>	 <u>49,150,140</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		2,662	2,662
Deferred Amounts on Net Pension Liability	<u>13,298,875</u>	<u>-</u>	<u>13,298,875</u>
 Total Deferred Inflows of Resources	 <u>13,298,875</u>	 <u>2,662</u>	 <u>13,301,537</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>62,332,086</u>	 <u>119,591</u>	 <u>62,451,677</u>
NET POSITION			
Net Investment in Capital Assets	60,611,153	300,988	60,912,141
Restricted for			
Capital Projects	11,676,911		11,676,911
Other Purposes	1,253,000		1,253,000
Unrestricted	<u>(40,926,404)</u>	<u>626,915</u>	<u>(40,299,489)</u>
 Total Net Position	 <u>\$ 32,614,660</u>	 <u>\$ 927,903</u>	 <u>\$ 33,542,563</u>

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

**CLIFTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 96,152,332	\$ 1,124,480	\$ 22,750,991	\$ 12,902	\$ (72,263,959)		\$ (72,263,959)
Special Education	33,302,494	62,491	17,427,061		(15,812,942)		(15,812,942)
Other Instruction	12,480,936		5,449,671		(7,031,265)		(7,031,265)
School Sponsored Activities and Athletics	2,741,225		637,105		(2,104,120)		(2,104,120)
Support Services							
Student and Instruction Related Services	35,926,760		13,470,166	32,946	(22,423,648)		(22,423,648)
Educational Media/School Library	2,358,544		591,856		(1,766,688)		(1,766,688)
General Administrative Services	3,437,187		50,623		(3,386,564)		(3,386,564)
School Administrative Services	11,079,576		2,977,933		(8,101,643)		(8,101,643)
Plant Operations and Maintenance	17,871,887		3,673,822		(14,198,065)		(14,198,065)
Pupil Transportation	9,739,905		3,165,008		(6,574,897)		(6,574,897)
Central Services	3,101,276		89,763		(3,011,513)		(3,011,513)
Interest on Long-Term Debt	362,794	-	-	-	(362,794)	-	(362,794)
Total Governmental Activities	228,554,916	1,186,971	70,283,999	45,848	(157,038,098)	-	(157,038,098)
Business-Type Activities							
Food Service	5,156,395	1,657,046	3,702,066			\$ 202,717	202,717
Other Programs	54,133	76,241	-	-	-	22,108	22,108
Total Business-Type Activities	5,210,528	1,733,287	3,702,066	-	-	224,825	224,825
Total Primary Government	\$ 233,765,444	\$ 2,920,258	\$ 73,986,065	\$ 45,848	(157,038,098)	224,825	(156,813,273)
General Revenues							
Property Taxes, Levied for General Purposes, Net					133,094,682		133,094,682
Property Taxes Levied for Debt Service					986,400		986,400
State Aid Unrestricted					21,170,590		21,170,590
Miscellaneous Income					1,002,676	359	1,003,035
Total General Revenues					156,254,348	359	156,254,707
Change in Net Position					(783,750)	225,184	(558,566)
Net Position, Beginning of Year					33,398,410	702,719	34,101,129
Net Position, End of Year					\$ 32,614,660	\$ 927,903	\$ 33,542,563

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, 2019**

	<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	\$ 13,079,719		\$ 1,147,167		\$ 14,226,886
Receivables, Net					
Receivables from Other Governments	1,531,075	\$ 4,021,057	659,860		6,211,992
Other	56,002				56,002
Due from Other Funds	3,199,284				3,199,284
Restricted Assets					
Cash and Cash Equivalents with Fiscal Agent	-	-	8,983	-	8,983
Total Assets	<u>\$ 17,866,080</u>	<u>\$ 4,021,057</u>	<u>\$ 1,816,010</u>	<u>\$ -</u>	<u>\$ 23,703,147</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Accrued Salaries	\$ 1,660,915	\$ 1,299,973	\$ 13,031		\$ 2,973,919
Due to Other Funds	4,971	2,497,811	9,220		2,512,002
Payable to Other Government		237,741			237,741
Unearned Revenue	-	69,005	551,511	-	620,516
Total Liabilities	<u>1,665,886</u>	<u>4,104,530</u>	<u>573,762</u>	<u>-</u>	<u>6,344,178</u>
Fund Balances					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures	1,500,000				1,500,000
Capital Reserve	3,919,413				3,919,413
Capital Reserve- Designated for Subsequent Year's Expenditures	6,515,250				6,515,250
Maintenance Reserve	503,000				503,000
Maintenance Reserve-Designated for Subsequent Year's Expenditures	750,000				750,000
Capital Projects			1,242,248		1,242,248
Committed:					
Year End Encumbrances	871,427				871,427
Assigned:					
Year End Encumbrances	193,883				193,883
Designated for Subsequent Year's Expenditures	2,301,600				2,301,600
Unassigned					
General Fund	(354,379)				(354,379)
Special Revenue Fund	-	(83,473)	-	-	(83,473)
Total Fund Balances	<u>16,200,194</u>	<u>(83,473)</u>	<u>1,242,248</u>	<u>-</u>	<u>17,358,969</u>
Total Liabilities and Fund Balances	<u>\$ 17,866,080</u>	<u>\$ 4,021,057</u>	<u>\$ 1,816,010</u>	<u>\$ -</u>	<u>\$ 23,703,147</u>

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

Total Fund Balances (Exhibit B-1)		\$ 17,358,969
<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 \$143,128,367 and the accumulated depreciation is \$76,375,314.</p>		66,753,053
<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>		187,072
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$ 6,810,505	
Deferred Inflows of Resources	<u>(13,298,875)</u>	(6,488,370)
<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>		(85,998)
<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	(5,007,438)	
Capital Leases Payable	(1,327,171)	
Compensated Absences Payable	(4,488,998)	
Net Pension Liability	<u>(34,286,459)</u>	<u>(45,110,066)</u>
Net position of governmental activities (Exhibit A-1)		\$ <u>32,614,660</u>

CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 133,094,682			\$ 986,400	\$ 134,081,082
Miscellaneous	<u>2,186,301</u>	\$ 16,954	\$ 3,346	<u>-</u>	<u>2,206,601</u>
Total - Local Sources	135,280,983	16,954	3,346	986,400	136,287,683
State Sources					
Federal Sources	60,818,448	1,323,759			62,142,207
	<u>315,282</u>	<u>10,842,700</u>	<u>-</u>	<u>-</u>	<u>11,157,982</u>
Total Revenues	<u>196,414,713</u>	<u>12,183,413</u>	<u>3,346</u>	<u>986,400</u>	<u>209,587,872</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	86,615,353	1,043,389			87,658,742
Special Education Instruction	28,221,075	2,455,929			30,677,004
Other Instruction	8,653,564	2,798,361			11,451,925
School-Sponsored Activities and Athletics	2,493,956				2,493,956
Support Services					
Student and Instruction Related Services	26,906,833	5,923,359			32,830,192
Educational Media/School Library	2,128,837				2,128,837
General Administrative Services	3,389,544				3,389,544
School Administrative Services	9,897,720				9,897,720
Plant Operations and Maintenance	13,404,513				13,404,513
Pupil Transportation	9,310,251				9,310,251
Central Services	3,024,164				3,024,164
Debt Service					
Principal	446,721			765,000	1,211,721
Interest and Other Charges	156,828			221,400	378,228
Capital Outlay	<u>3,487,254</u>	<u>45,848</u>	<u>310,707</u>	<u>-</u>	<u>3,843,809</u>
Total Expenditures	<u>198,136,613</u>	<u>12,266,886</u>	<u>310,707</u>	<u>986,400</u>	<u>211,700,606</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,721,900)</u>	<u>(83,473)</u>	<u>(307,361)</u>	<u>-</u>	<u>(2,112,734)</u>
OTHER FINANCING SOURCES					
Capital Lease Proceeds	<u>524,277</u>	<u>-</u>	<u>316,344</u>	<u>-</u>	<u>840,621</u>
Total Other Financing Sources	<u>524,277</u>	<u>-</u>	<u>316,344</u>	<u>-</u>	<u>840,621</u>
Net Change in Fund Balances	(1,197,623)	(83,473)	8,983	-	(1,272,113)
Fund Balance, Beginning of Year	<u>17,397,817</u>	<u>-</u>	<u>1,233,265</u>	<u>-</u>	<u>18,631,082</u>
Fund Balance, End of Year	<u>\$ 16,200,194</u>	<u>\$ (83,473)</u>	<u>\$ 1,242,248</u>	<u>\$ -</u>	<u>\$ 17,358,969</u>

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

**CLIFTON BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (1,272,113)

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

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

Capital Outlay	\$ 3,843,809	
Depreciation Expense	<u>(4,793,542)</u>	(949,733)

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		(840,621)
------------------------	--	-----------

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	909,826	
Decrease in Pension Expense	<u>141,736</u>	1,051,562

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	765,000	
Capital Leases	<u>446,721</u>	1,211,721

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	78,980	
Amortization of Deferred Amount on Refunding	<u>(62,226)</u>	16,754

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:

Increase in accrued interest		<u>(1,320)</u>
------------------------------	--	----------------

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (783,750)**

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	<u>Food Service</u>	<u>Other Non Major Enterprise Funds</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 866,573	\$ 42,798	\$ 909,371
Intergovernmental Receivable			
State	5,274		5,274
Federal	223,251		223,251
Other Receivables	253,592		253,592
Inventories	<u>47,271</u>	<u>-</u>	<u>47,271</u>
Total Current Assets	<u>1,395,961</u>	<u>42,798</u>	<u>1,438,759</u>
Capital Assets			
Equipment	1,099,318		1,099,318
Less: Accumulated Depreciation	<u>(798,330)</u>	<u>-</u>	<u>(798,330)</u>
Total Capital Assets, Net	<u>300,988</u>	<u>-</u>	<u>300,988</u>
Total Assets	<u>1,696,949</u>	<u>42,798</u>	<u>1,739,747</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	82,483		82,483
Due to Other Funds	692,253		692,253
Unearned Revenue	<u>34,446</u>	<u>-</u>	<u>34,446</u>
Total Current Liabilities	<u>809,182</u>	<u>-</u>	<u>809,182</u>
Total Liabilities	<u>809,182</u>	<u>-</u>	<u>809,182</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>2,662</u>	<u>-</u>	<u>2,662</u>
Total Liabilities and Deferred Inflows of Resources	<u>811,844</u>	<u>-</u>	<u>811,844</u>
NET POSITION			
Investment in Capital Assets	300,988		300,988
Unrestricted	<u>584,117</u>	<u>\$ 42,798</u>	<u>626,915</u>
Total Net Position	<u>\$ 885,105</u>	<u>\$ 42,798</u>	<u>\$ 927,903</u>

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

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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		\$ 76,241	\$ 76,241
Daily Sales - Reimbursable	\$ 246,035		246,035
Daily Sales - Nonreimbursable	1,085,229		1,085,229
Special Functions - Nonreimbursable	280,553		280,553
Miscellaneous	45,229	-	45,229
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	1,657,046	76,241	1,733,287
OPERATING EXPENSES			
Cost of Sales - Reimbursable	2,208,461		2,208,461
Cost of Sales - Nonreimbursable	172,773		172,773
Salaries and Employee Benefits	1,996,566	48,125	2,044,691
Purchased Services	492,431		492,431
Supplies and Materials	235,035	1,428	236,463
Miscellaneous	993	4,580	5,573
Depreciation	50,136	-	50,136
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	5,156,395	54,133	5,210,528
Operating Income/(Loss)	<hr/> (3,499,349)	<hr/> 22,108	<hr/> (3,477,241)
NONOPERATING REVENUES			
State Sources			
School Lunch Program	55,617		55,617
Federal Sources			
School Breakfast Program	366,390		366,390
National School Lunch Program	2,493,079		2,493,079
Child and Adult Food Program	437,736		437,736
After School Snack/ Seamless Summer Options Program	24,055		24,055
Food Distribution Program - Non Cash Assistance	325,189		325,189
Interest and Investment Revenue	359	-	359
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	3,702,425	-	3,702,425
Change in Net Position	203,076	22,108	225,184
Total Net Position, Beginning of Year	<hr/> 682,029	<hr/> 20,690	<hr/> 702,719
Total Net Position, End of Year	<hr/> \$ 885,105	<hr/> 42,798	<hr/> \$ 927,903

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, 2019**

	Food Service	Other Non Major Enterprise Funds	Business-Type Activities Enterprise Fund Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,694,081	\$ 76,241	\$ 1,770,322
Cash Payments for Employees' Salaries and Benefits	(1,996,566)	(48,125)	(2,044,691)
Cash Payments to Suppliers for Goods and Services	(2,800,562)	(6,008)	(2,806,570)
Net Cash Provided by (Used by) Operating Activities	<u>(3,103,047)</u>	<u>22,108</u>	<u>(3,080,939)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Local, State and Federal Subsidy Reimbursements	3,757,922		3,757,922
Cash Received from Other Funds	162,239	-	162,239
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>3,920,161</u>	<u>-</u>	<u>3,920,161</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(112,515)	-	(112,515)
Net Cash (Used) by Capital and Related Financing Activities	<u>(112,515)</u>	<u>-</u>	<u>(112,515)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	359	-	359
Net Cash Provided by Investing Activities	<u>359</u>	<u>-</u>	<u>359</u>
Net Increase in Cash and Cash Equivalents	704,958	22,108	727,066
Cash and Cash Equivalents, Beginning of Year	161,615	20,690	182,305
Cash and Cash Equivalents, End of Year	<u>\$ 866,573</u>	<u>\$ 42,798</u>	<u>\$ 909,371</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES			
Operating (Loss)	\$ (3,499,349)	\$ 22,108	\$ (3,477,241)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities			
Depreciation	50,136		50,136
Food Distribution Program- Non Cash Assistance	325,189		325,189
Change in Assets and Liabilities			
(Increase)/Decrease in Other Accounts Receivable	32,655		32,655
Increase/(Decrease) in Accounts Payable	(15,281)		(15,281)
Increase/(Decrease) in Unearned Revenue	4,380		4,380
Increase/(Decrease) in Deferred Commodities Revenue	283		283
(Increase)/Decrease in Inventory	(1,060)	-	(1,060)
Total Adjustments	<u>396,302</u>	<u>-</u>	<u>396,302</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ (3,103,047)</u>	<u>\$ 22,108</u>	<u>\$ (3,080,939)</u>
NON CASH INVESTING, INVESTING CAPITAL AND FINANCING ACTIVITIES VALUE RECEIVE - FOOD DISTRIBUTION PROGRAM			
	\$ 325,472		

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, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 333,360	\$ 56,184	\$ 1,630,430
Due from Other Funds	<u>-</u>	<u>-</u>	<u>102,420</u>
Total Assets	<u>333,360</u>	<u>56,184</u>	<u>\$ 1,732,850</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 1,163,395
Due to Other Funds	97,449		-
Due to Student Groups			569,455
Intergovernmental Payable	<u>40,791</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>138,240</u>	<u>-</u>	<u>\$ 1,732,850</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 195,120</u>	<u>\$ 56,184</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, 2019**

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Employees	\$ 275,809	
Investment Earnings		
Interest	<u>2,692</u>	<u>-</u>
Total Additions	<u>278,501</u>	<u>-</u>
DEDUCTIONS		
Scholarship Awards		\$ 4,000
Unemployment Claims and Contributions	<u>248,991</u>	<u>-</u>
Total Deductions	<u>248,991</u>	<u>4,000</u>
Change in Net Position	29,510	(4,000)
Net Position, Beginning of the Year	<u>165,610</u>	<u>60,184</u>
Net Position, End of the Year	<u>\$ 195,120</u>	<u>\$ 56,184</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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2019, the District adopted the following GASB statement as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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.

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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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. 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.

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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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 funds which are 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by Lease-Purchase Agreements for capital projects.

5. 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

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *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.

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.

7. *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.

8. *Pensions*

In the district-wide financial statements and proprietary fund types in the fund 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Pensions (Continued)

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

9. 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.

10. Net Position/Fund Balance

District-Wide Statements

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

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

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

CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that was appropriated in the 2019/2020 original budget certified for taxes.

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2019/2020 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 2019/2020 District budget certified for taxes.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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.

11. *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 government 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 government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government 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 government 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise 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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$8,565,748. The increase was funded by additional state aid appropriated, transfer of capital reserve funds, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Basic Skills			
Salaries of Teachers	\$ 2,478,939	\$ 2,489,855	\$ (10,916)
Bilingual Education			
Salaries of Teachers	2,633,223	2,634,845	(1,622)
Special Revenue Fund			
Instruction			
Other Objects	17,083	17,174	(91)
Support			
Salaries of Secretarial and Clerical Asst.	96,679	107,804	(11,125)

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has unassigned fund deficits of \$354,379 in the General Fund and \$83,473 in the Special Revenue Fund as of June 30, 2019 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 2018/2019 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 and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$354,379 in the General Fund and \$83,473 in the Special Revenue Fund are equal to or less than the delayed state aid payments at June 30, 2019.

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, 2019 is as follows:

Balance, July 1, 2018		\$ 8,047,279
Increased by:		
Interest Earnings	\$ 87,783	
Deposits Approved by Board Resolution	<u>3,116,351</u>	
		<u>3,204,134</u>
		11,251,413
Decreased by:		
Withdrawals Approved by Board Resolution		<u>816,750</u>
Balance, June 30, 2019		<u>\$ 10,434,663</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. \$6,515,250 of the capital reserve balance at June 30, 2019 was designated and appropriated for use 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, 2019**

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, 2019 is as follows:

Balance, June 30, 2018		\$ 1,502,000
Increased by:		
Interest Earnings	\$ 1,000	
Deposits Approved by Board Resolution	<u>250,000</u>	
		<u>251,000</u>
		1,753,000
Decreased by:		
Withdrawals Approved in District Budget		<u>500,000</u>
Balance, June 30, 2019		<u>\$ 1,253,000</u>

The June 30, 2019 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. \$750,000 of the maintenance reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

F. Transfers to Capital Outlay

During the 2018/2019 school year, the district transferred \$3,488,079 to the non-equipment capital outlay accounts. The transfers totaling \$2,050,169 was the reappropriation of prior year encumbrances. In addition, transfers totaling \$816,750 was made from capital reserve account and transfers totaling \$621,160 were made by appropriating additional state aid or within the 2018/2019 adopted 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2019 is \$1,500,000. This amount was designated and appropriated in the 2019/2020 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC 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, 2019, the book value of the Board's deposits were \$17,165,214 and bank and brokerage firm balances of the Board's deposits amounted to \$23,502,131. 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>23,502,131</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, 2019 none of the Board's bank balances were 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, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2019, 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, 2019 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	\$ 56,002			\$ 253,592	\$ 309,594
Intergovernmental					
Federal		\$ 4,019,277		223,251	4,242,528
State	1,262,007		\$ 659,860	5,274	1,927,141
Local	<u>269,068</u>	<u>1,780</u>	<u>-</u>	<u>-</u>	<u>270,848</u>
Net Total Receivables	<u>\$ 1,587,077</u>	<u>\$ 4,021,057</u>	<u>\$ 659,860</u>	<u>\$ 482,117</u>	<u>\$ 6,750,111</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	\$ 69,005
Capital Projects Fund	
Unrealized School Facilities Grant	<u>551,511</u>
 Total Unearned Revenues for Governmental Funds	 <u>\$ 620,516</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance, <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, <u>June 30, 2019</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 8,374,289				\$ 8,374,289
Construction in Progress	<u>1,255,074</u>	<u>\$ 2,077,291</u>	<u>-</u>	<u>\$ (754,448)</u>	<u>2,577,917</u>
Total Capital Assets, Not Being Depreciated	<u>9,629,363</u>	<u>2,077,291</u>	<u>-</u>	<u>(754,448)</u>	<u>10,952,206</u>
Capital Assets, Being Depreciated:					
Land Improvements	3,568,516	39,729			3,608,245
Building and Building Improvements	117,198,057	890,924		754,448	118,843,429
Machinery and Equipment	<u>9,247,946</u>	<u>835,865</u>	<u>\$ (359,324)</u>	<u>-</u>	<u>9,724,487</u>
Total Capital Assets Being Depreciated	<u>130,014,519</u>	<u>1,766,518</u>	<u>(359,324)</u>	<u>754,448</u>	<u>132,176,161</u>
Less Accumulated Depreciation for:					
Land Improvements	(1,415,179)	(135,636)			(1,550,815)
Building and Building Improvements	(63,656,072)	(4,056,705)			(67,712,777)
Machinery and Equipment	<u>(6,869,845)</u>	<u>(601,201)</u>	<u>359,324</u>	<u>-</u>	<u>(7,111,722)</u>
Total Accumulated Depreciation	<u>(71,941,096)</u>	<u>(4,793,542)</u>	<u>359,324</u>	<u>-</u>	<u>(76,375,314)</u>
Total Capital Assets, Being Depreciated, Net	<u>58,073,423</u>	<u>(3,027,024)</u>	<u>-</u>	<u>754,448</u>	<u>55,800,847</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,702,786</u>	<u>\$ (949,733)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,753,053</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2019</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 986,803	\$ 112,515	\$ -	\$ 1,099,318
Total Capital Assets Being Depreciated	<u>986,803</u>	<u>112,515</u>	<u>-</u>	<u>1,099,318</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(748,194)</u>	<u>(50,136)</u>	<u>-</u>	<u>(798,330)</u>
Total Accumulated Depreciation	<u>(748,194)</u>	<u>(50,136)</u>	<u>-</u>	<u>(798,330)</u>
Total Capital Assets, Being Depreciated, Net	<u>238,609</u>	<u>62,379</u>	<u>-</u>	<u>300,988</u>
Business-Type Activities Capital Assets, Net	<u>\$ 238,609</u>	<u>\$ 62,379</u>	<u>\$ -</u>	<u>\$ 300,988</u>

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

Governmental activities:

Instruction	
Regular	\$ 72,769
Total Instruction	<u>72,769</u>
Support Services	
Student and instruction related services	139,257
General administration services	14,050
School administration services	26,078
Operations and maintenance of plant	4,226,796
Student transportation	297,046
Central Services	<u>17,546</u>
Total Support Services	<u>4,720,773</u>
Total depreciation expense - governmental activities	<u>\$ 4,793,542</u>
Business-type activities:	
Food Service Fund	<u>\$ 50,136</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019:

<u>Project</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
HVAC Project in Auditorium at Clifton High School	\$ 1,796,274	\$ 94,641
Boiler Replacement at School #1	225,400	325,600
Drainage Improvements at CCMS		230,850
HVAC Upgrades to Multi-Purpose Room at School #4	143,081	<u>112,079</u>
		<u>\$ 763,170</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 2,497,811
General Fund	Capital Projects Fund	9,220
General Fund	Food Service Fund	692,253
Payroll Agency	General Fund	4,971
Payroll Agency	Unemployment	<u>97,449</u>
Total		<u>\$ 3,301,704</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, 2019**

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, 2019 were \$304,913. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 295,695
2021	295,695
2022	295,695
2023	295,695
2024	<u>49,282</u>
Total	<u>\$ 1,232,062</u>

Capital Leases

The District is leasing student transportation buses and CEO lighting project totaling \$2,950,351 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 444,737
2021	363,310
2022	265,667
2023	<u>327,347</u>
Total minimum lease payments	1,401,061
Less: amount representing interest	<u>73,890</u>
Present value of minimum lease payments	<u>\$ 1,327,171</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets and other purposes permitted by statute. 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, 2019 are comprised of the following issues:

\$7,410,000, 2013 Refunding Bonds, due in an annual installment of \$785,000 to \$810,000 through March 1, 2025 interest at 4.00% \$ 4,770,000

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>	
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>\$ 4,770,000</u>	<u>\$ 665,600</u>	<u>\$ 5,435,600</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 388,952,960
Less: Net Debt	<u>4,770,000</u>
Remaining Borrowing Power	<u>\$ 384,182,960</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, was as follows:

	Balance, July 1, 2018	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2019	Due Within One Year
Governmental activities:					
Bonds Payable	\$ 5,535,000		\$ 765,000	\$ 4,770,000	\$ 785,000
Deferred Amounts					
Add: Original Issue Premium	<u>316,418</u>	<u>-</u>	<u>78,980</u>	<u>237,438</u>	<u>-</u>
Total Bonds Payable	5,851,418	-	843,980	5,007,438	785,000
Capital Leases	933,271	\$ 840,621	446,721	1,327,171	417,907
Compensated Absences	5,398,824		909,826	4,488,998	
Net Pension Liability	<u>41,418,521</u>	<u>-</u>	<u>7,132,062</u>	<u>34,286,459</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 53,602,034</u>	<u>\$ 840,621</u>	<u>\$ 9,332,589</u>	<u>\$ 45,110,066</u>	<u>\$ 1,202,907</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 (PIP NJ 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 Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2019		\$ 275,809	\$ 248,991	\$ 195,120
2018		266,103	214,749	165,610
2017	\$ 3,111	266,596	414,380	113,020

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, 2019, 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, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

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 Board employees who are eligible for pension coverage:

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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 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. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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 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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems 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.

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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2019.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed 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>
2019	\$ 1,732,088	\$ 13,776,177	\$ 102,175
2018	1,648,302	10,251,807	95,201
2017	1,614,644	7,842,886	82,586

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$7,373, \$21,239 and \$8,563, respectively for PERS and the State contributed \$17,742, \$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 \$5,416,097 during the fiscal year ended June 30, 2019 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. 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 measurement period July 1, 2017 through June 30, 2018. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2018 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$34,286,459 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District's share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District's proportionate share was .17413 percent, which was a decrease of .00379 percent from its proportionate share measured as of June 30, 2017 of .17792 percent.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,590,352 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, 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	\$ 653,848	\$ 176,792
Changes of Assumptions	5,649,840	10,962,986
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		321,608
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>506,817</u>	<u>1,837,489</u>
Total	<u>\$ 6,810,505</u>	<u>\$ 13,298,875</u>

At June 30, 2019, 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>
2020	\$ (15,428)
2021	(599,377)
2022	(2,817,204)
2023	(2,308,065)
2024	(748,296)
Thereafter	<u>-</u>
	<u>\$ (6,488,370)</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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 Equity	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
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 Asset	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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 5.66%, 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 43,111,272</u>	<u>\$ 34,286,459</u>	<u>\$ 26,883,006</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability at June 30, 2018. A sensitivity analysis specific to the District’s net pension liability at June 30, 2018 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, 2019**

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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$25,206,343 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$432,381,737. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .67965 percent, which was a decrease of .01761 percent from its proportionate share measured as of June 30, 2017 of .69726 percent.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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
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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:

Fiscal Year	Measurement Date	Discount Rate
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 511,067,002</u>	<u>\$ 432,381,737</u>	<u>\$ 367,153,569</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018. 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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
 Total	 <u>362,181</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$6,248,851, \$6,621,425 and \$6,534,908, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$13,001,979. 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, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$272,700,846. 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, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was .57140 percent, which was a decrease of .02735 percent from its proportionate share measured as of June 30, 2017 of .59875 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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, 2017 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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

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, 2018.

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>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

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, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ 321,170,886
Changes Recognized for the Fiscal Year:	
Service Cost	12,544,401
Interest on the Total OPEB Liability	11,822,101
Differences Between Expected and Actual Experience	(34,502,853)
Changes of Assumptions	(31,293,787)
Gross Benefit Payments	(7,291,923)
Contributions from the Member	252,021
Net Changes	<u>\$ (48,470,040)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 272,700,846</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 was not provided by the pension system.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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 3.87%, 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>322,387,913</u>	\$ <u>272,700,846</u>	\$ <u>233,204,759</u>

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>225,403,132</u>	\$ <u>272,700,846</u>	\$ <u>335,253,884</u>

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

F. Subsequent Events

On May 29, 2019, the District adopted a resolution for the issuance of \$518,375 to fund the acquisition of school buses. The District has awarded the capital lease agreement for the acquisition of the school buses to First Hope Bank at an annual interest rate of 2.400%. The capital lease agreement was dated July 18, 2019 and will mature over 5 years. The first maturity is due on August 1, 2019.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

G. Tax Abatements (If Applicable)

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, 2018, 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"), and the Senior Citizen Nonprofit Rental Housing Tax Law.

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project.
- Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owed by a non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project.

For the year ended December 31, 2018 the City abated property taxes totaling \$3,813,529 under the LTTE and Senior Citizens Nonprofit Rental Housing programs of which \$1,776,318 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, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 133,094,682		\$ 133,094,682	\$ 133,094,682	
Interest Earned on Maintenance Reserve	1,000		1,000	1,000	
Interest Earned on Capital Reserve	7,000		7,000	87,783	\$ 80,783
Tuition	-		-	1,186,971	1,186,971
Miscellaneous	700,000	-	700,000	910,547	210,547
Sub-Total Local Sources	<u>133,802,682</u>	<u>-</u>	<u>133,802,682</u>	<u>135,280,983</u>	<u>1,478,301</u>
State Sources					
Special Education Aid	6,684,519		6,684,519	7,350,637	666,118
Equalization Aid	21,114,282		21,114,282	21,114,282	
Security Aid	867,934	\$ 1,198,400	2,066,334	3,571,640	1,505,306
Transportation Aid	2,890,133		2,890,133	3,020,309	130,176
Extraordinary Aid	700,000		700,000	605,490	(94,510)
Nonpublic Transportation Aid				182,542	182,542
On-behalf TPAF Pension Contrib. (Non-budgeted)					
Normal				13,493,718	13,493,718
NCGI				282,459	282,459
Post-Retirement Medical Contribution				6,248,851	6,248,851
Long-Term Disability Insurance				17,742	17,742
Reimbursed TPAF Social Security Contr. (Non-budgeted)	-	-	-	5,416,097	5,416,097
Sub-Total State Sources	<u>32,256,868</u>	<u>1,198,400</u>	<u>33,455,268</u>	<u>61,303,767</u>	<u>27,848,499</u>
Federal Sources					
Medicaid Reimbursement	278,163	-	278,163	315,282	37,119
Sub-Total Federal Sources	<u>278,163</u>	<u>-</u>	<u>278,163</u>	<u>315,282</u>	<u>37,119</u>
Total Revenues	<u>166,337,713</u>	<u>1,198,400</u>	<u>167,536,113</u>	<u>196,900,032</u>	<u>29,363,919</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	2,518,731	(6,000)	2,512,731	2,477,578	35,153
Grades 1-5	16,168,954	539,778	16,708,732	16,688,968	19,764
Grades 6-8	11,570,596	(380,000)	11,190,596	11,187,380	3,216
Grades 9-12	13,436,624	(791,549)	12,645,075	12,642,969	2,106
Regular Programs - Home Instruction					
Salaries of Teachers	90,000	249,000	339,000	338,462	538
Purchased Professional-Educational Services	90,000	(69,500)	20,500	19,339	1,161
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	207,900	16,000	223,900	223,130	770
Purchased Technical Services	578,347	105,265	683,612	632,184	51,428
Other Purchased Services	5,000		5,000	2,896	2,104
General Supplies	2,475,818	30,748	2,506,566	2,474,134	32,432
Textbooks	685,552	(84,913)	600,639	568,778	31,861
Other Objects	-	1,068	1,068	822	246
Total Regular Programs	<u>47,827,522</u>	<u>(390,103)</u>	<u>47,437,419</u>	<u>47,256,640</u>	<u>180,779</u>
Special Education					
Cognitive - Moderate					
Salaries of Teachers	162,942	2,000	164,942	159,161	5,781
Other Purchased Services	1,500	1,050	2,550	2,526	24
General Supplies	650		650	180	470
Textbooks	200	-	200	-	200
Total Cognitive - Moderate	<u>165,292</u>	<u>3,050</u>	<u>168,342</u>	<u>161,867</u>	<u>6,475</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	\$ 2,864,552	\$ (165,500)	\$ 2,699,052	\$ 2,695,452	\$ 3,600
Other Salaries for Instruction	897,019	1,500	898,519	889,198	9,321
General Supplies	9,150	2,500	11,650	10,779	871
Textbooks	2,750	-	2,750	-	2,750
Total Learning/Language Disabilities	3,773,471	(161,500)	3,611,971	3,595,429	16,542
Behavioral Disabilities					
Salaries of Teachers	540,080	(26,000)	514,080	486,962	27,118
Other Salaries for Instruction	244,771	(20,000)	224,771	216,413	8,358
Other Purchased Services	1,250	-	1,250	1,211	39
General Supplies	2,700	1,312	4,012	3,861	151
Total Behavioral Disabilities	788,801	(44,688)	744,113	708,447	35,666
Multiple Disabilities					
Salaries of Teachers	739,430	(2,070)	737,360	700,290	37,070
Other Purchased Services	500	300	800	766	34
General Supplies	950	-	950	938	12
Total Multiple Disabilities	740,880	(1,770)	739,110	701,994	37,116
Resource Room/Resource Center					
Salaries of Teachers	6,259,135	(95,534)	6,163,601	6,163,332	269
General Supplies	8,000	-	8,000	7,862	138
Total Resource Room/Resource Center	6,267,135	(95,534)	6,171,601	6,171,194	407
Autism					
Salaries of Teachers	385,461	5,500	390,961	371,203	19,758
Other Salaries for Instruction	366,977	(27,000)	339,977	326,331	13,646
General Supplies	6,000	-	6,000	4,211	1,789
Total Autism	758,438	(21,500)	736,938	701,745	35,193
Preschool Disabilities - Part - Time					
Salaries of Teachers	846,597	59,000	905,597	876,787	28,810
Other Salaries for Instruction	164,948	113,892	278,840	278,271	569
Purchased Professional Educational Services	2,500	(1,500)	1,000	-	1,000
General Supplies	3,500	3,347	6,847	6,181	666
Total Preschool Handicapped - Part - Time	1,017,545	174,739	1,192,284	1,161,239	31,045
Preschool Disabilities - Full - Time					
Salaries of Teachers	559,937	(120,600)	439,337	417,297	22,040
Other Salaries for Instruction	104,367	(100,000)	4,367	-	4,367
Total Preschool Handicapped - Full - Time	664,304	(220,600)	443,704	417,297	26,407
Home Instruction					
Salaries of Teachers	11,300	(7,500)	3,800	210	3,590
Purchased Professional Educational Services	30,000	39,500	69,500	65,560	3,940
Total Home Instruction	41,300	32,000	73,300	65,770	7,530
Total Special Education	14,217,166	(335,803)	13,881,363	13,684,982	196,381
Basic Skills/Remedial					
Salaries of Teachers	2,257,439	221,500	2,478,939	2,489,855	(10,916)
General Supplies	5,815	1,068	6,883	6,642	241
Total Basic Skills/Remedial	2,263,254	222,568	2,485,822	2,496,497	(10,675)

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 2,760,723	\$ (127,500)	\$ 2,633,223	\$ 2,634,845	\$ (1,622)
Other Salaries for Instruction	202,118	2,000	204,118	198,080	6,038
Purchased Professional/Educational Services	13,500		13,500	1,560	11,940
General Supplies	40,000		40,000	14,851	25,149
Textbooks	27,000	5,000	32,000	25,214	6,786
Total Bilingual Education	3,043,341	(120,500)	2,922,841	2,874,550	48,291
School Sponsored Co-Curricular Activities					
Salaries	359,612	66,000	425,612	409,436	16,176
Purchased Services	124,345	4,778	129,123	92,879	36,244
Supplies and Materials	5,000	-	5,000	5,000	
Other Objects	26,850	(25,000)	1,850	1,117	733
Total School Sponsored Co-Curricular Activities	515,807	45,778	561,585	508,432	53,153
School Sponsored Athletics					
Salaries	947,640	(72,500)	875,140	869,618	5,522
Purchased Services	77,750		77,750	60,827	16,923
Supplies and Materials	125,850	880	126,730	125,749	981
Other Objects	171,500	(24,356)	147,144	100,547	46,597
Transfers to Cover Deficit	-	40,000	40,000	40,000	-
Total School Sponsored Athletics	1,322,740	(55,976)	1,266,764	1,196,741	70,023
Total - Instruction	69,189,830	(634,036)	68,555,794	68,017,842	537,952
Undistributed Expenditures					
Instruction					
Tuition Other LEA's Within the State - Regular	170,691	18,500	189,191	179,452	9,739
Tuition Other LEA's Within the State - Special	214,172	(75,000)	139,172	125,683	13,489
Tuition to County Vocational School - Regular	6,722,183	54,000	6,776,183	6,775,860	323
Tuition to County Vocational School - Special	169,461	(105,000)	64,461	64,019	442
Tuition to CSSD & Regional Day Schools	961,852	(58,722)	903,130	903,091	39
Tuition for Private Schools for the Disabled - Within State	5,493,793	(565,372)	4,928,421	4,928,051	370
Tuition- State Facilities	81,568		81,568	81,568	
Tuition - Other	338,719	(280,278)	58,441	58,441	-
Total Undistributed Expenditures - Instruction	14,152,439	(1,011,872)	13,140,567	13,116,165	24,402
Attendance and Social Work Services					
Salaries	274,610		274,610	265,627	8,983
Purchased Professional/Technical Services	45,500		45,500	28,158	17,342
Supplies and Materials	5,850	-	5,850	2,263	3,587
Total Attendance and Social Work Services	325,960	-	325,960	296,048	29,912
Health Services					
Salaries	1,817,767	62,000	1,879,767	1,879,544	223
Purchased Professional and Technical Services	70,500		70,500	50,727	19,773
Other Purchased Services	500		500	237	263
Supplies and Materials	31,000	4,000	35,000	34,406	594
Total Health Services	1,919,767	66,000	1,985,767	1,964,914	20,853

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Speech OT/PT and Related Services					
Salaries	\$ 2,312,614	\$ (16,500)	\$ 2,296,114	\$ 2,295,952	\$ 162
Purchased Professional- Educational Services	87,000	128,517	215,517	208,555	6,962
Supplies and Materials	6,500	3,000	9,500	9,280	220
Other Objects	-	1,000	1,000	681	319
Total Speech, OT/PT & Related Serv.	2,406,114	116,017	2,522,131	2,514,468	7,663
Other Support Services - Students Extra Serv.					
Salaries	3,036,734	238,290	3,275,024	3,266,971	8,053
Purchased Professional/Educational Services	1,355,641	86,710	1,442,351	1,442,083	268
Supplies and Materials	800	-	800	800	-
Other Objects	5,000	-	5,000	-	5,000
Total Other Support Serv. - Students Extra Serv.	4,398,175	325,000	4,723,175	4,709,054	14,121
Guidance					
Salaries of Other Professional Staff	2,815,055	33,000	2,848,055	2,807,888	40,167
Salaries of Secretarial and Clerical Staff	311,847	27,500	339,347	290,339	49,008
Other Salaries	24,500	7,000	31,500	31,404	96
Other Purchased Professional/Technical Services	28,000	-	28,000	23,553	4,447
Other Purchased Services	6,000	-	6,000	1,883	4,117
Supplies and Materials	17,000	-	17,000	9,965	7,035
Total Guidance	3,202,402	67,500	3,269,902	3,165,032	104,870
Child Study Teams					
Salaries of Other Professional Staff	3,491,774	(28,000)	3,463,774	3,463,293	481
Salaries of Secretarial and Clerical Staff	218,383	5,000	223,383	216,307	7,076
Purchased Professional/Educational Services	70,000	(17,000)	53,000	35,711	17,289
Other Purchased Professional/Technical Services	31,000	-	31,000	14,759	16,241
Miscellaneous Purchased Services	5,500	(1,000)	4,500	4,240	260
Supplies and Materials	32,000	21,500	53,500	52,692	808
Total Child Study Teams	3,848,657	(19,500)	3,829,157	3,787,002	42,155
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	727,683	(58,000)	669,683	668,030	1,653
Salaries of Secretarial and Clerical Staff	42,462	(42,462)	-	-	42,462
Purchased Professional/Education Services	121,500	-	121,500	116,323	5,177
Supplies and Materials	11,000	-	11,000	7,820	3,180
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	902,645	(100,462)	802,183	792,173	10,010
Educational Media Services/School Library					
Salaries	1,125,226	(61,750)	1,063,476	1,062,641	835
Salaries of Technology Coordinators	135,125	5,750	140,875	125,572	15,303
Purchased Professional/Technical Services	119,900	1,315	121,215	87,492	33,723
Other Purchased Services	1,000	-	1,000	-	1,000
Supplies and Materials	136,945	(16,150)	120,795	120,370	425
Total Educational Media Services/School Library	1,518,196	(70,835)	1,447,361	1,396,075	51,286
Instructional Staff Training Services					
Salaries of Other Professional Staff	60,000	56,500	116,500	111,967	4,533
Other Purchased Prof. and Tech. Services	160,000	(27,500)	132,500	132,088	412
Other Purchased Services	1,000	-	1,000	348	652
Total Instructional Staff Training Services	221,000	29,000	250,000	244,403	5,597

CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 692,065	\$ 32,450	\$ 724,515	\$ 721,280	\$ 3,235
Legal Services	285,000	25,000	310,000	260,655	49,345
Audit Fees	65,000	60,618	125,618	60,615	65,003
Other Purchased Professional Services	75,000	112,854	187,854	177,952	9,902
Purchased Technical Services	122,810	(22,000)	100,810	98,229	2,581
Communications/Telephone	407,500	(7,500)	400,000	373,889	26,111
BOE Other Purchased Services	7,000	1,500	8,500	6,879	1,621
Misc. Purchased Services	796,600	57,920	854,520	849,973	4,547
General Supplies	12,000		12,000	8,129	3,871
BOE In-House Training/Meeting Supplies	1,500		1,500	40	1,460
Judgements Against the School Entity		287,635	287,635	287,630	5
Miscellaneous Expenditures	4,000	7,500	11,500	11,470	30
BOE Membership Dues and Fees	28,500	-	28,500	26,663	1,837
Total Support Services General Administration	2,496,975	555,977	3,052,952	2,883,404	169,548
School Administration					
Salaries of Principals/Assistant Principals	3,728,868	(51,720)	3,677,148	3,639,630	37,518
Salaries of Other Professional Staff	949,036	163,108	1,112,144	1,068,342	43,802
Salaries of Secretarial and Clerical Assistants	1,249,929	21,000	1,270,929	1,270,535	394
Other Salaries		1,000	1,000		1,000
Purchased Professional and Technical Services	141,300		141,300	112,284	29,016
Other Purchased Services	20,000		20,000	15,376	4,624
Supplies and Materials	144,209	-	144,209	104,654	39,555
Total School Administration	6,233,342	133,388	6,366,730	6,210,821	155,909
Central Services					
Salaries	945,500	32,650	978,150	958,833	19,317
Purchased Technical Services	94,000	1,840	95,840	79,153	16,687
Miscellaneous Purchased Services	4,500		4,500	1,408	3,092
Supplies and Materials	25,000		25,000	17,117	7,883
Miscellaneous Expenditures	3,500	-	3,500	3,030	470
Total Central Services	1,072,500	34,490	1,106,990	1,059,541	47,449
Administrative Information Technology					
Salaries	287,367	32,750	320,117	320,103	14
Purchased Technical Services	705,489	487	705,976	705,967	9
Supplies and Materials	64,750	(3,000)	61,750	41,091	20,659
Total Administrative Information Technology	1,057,606	30,237	1,087,843	1,067,161	20,682
Required Maintenance for School Facilities					
Salaries	586,105	(35,000)	551,105	549,487	1,618
Cleaning, Repair and Maintenance Services	640,000	309,214	949,214	867,511	81,703
General Supplies	274,000	(39,000)	235,000	233,847	1,153
Total Required Maintenance for School Facilities	1,500,105	235,214	1,735,319	1,650,845	84,474

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 4,412,736	\$ (123,500)	\$ 4,289,236	\$ 4,280,170	\$ 9,066
Purchased Professional and Technical Services	300,000	207,403	507,403	417,946	89,457
Cleaning, Repair and Maintenance Services	260,000	(79,129)	180,871	172,594	8,277
Rental of Land/Bldg. Other than Lease Pur. Agrmt.	127,205	1	127,206	127,205	1
Other Purchased Property Services	6,000		6,000	1,523	4,477
Insurance	155,077		155,077	147,500	7,577
Miscellaneous Purchased Services	7,000		7,000	6,457	543
General Supplies	385,000	167,900	552,900	483,346	69,554
Energy (Natural Gas)	650,000	(8,000)	642,000	641,874	126
Energy (Electricity)	1,350,000	(141,500)	1,208,500	1,191,672	16,828
Other Objects	25,000	-	25,000	11,407	13,593
Total Custodial Services	7,678,018	23,175	7,701,193	7,481,694	219,499
Care & Upkeep of Grounds					
Salaries	270,393	(18,500)	251,893	229,852	22,041
Cleaning, Repair and Maintenance Services	15,000	26,000	41,000	21,269	19,731
General Supplies	30,000	(6,500)	23,500	19,634	3,866
Other Objects	-	1,500	1,500	1,014	486
Total Care & Upkeep of Grounds	315,393	2,500	317,893	271,769	46,124
Security					
Purchased Professional and Technical Services	200,000	(90,000)	110,000	105,949	4,051
Cleaning, Repair and Maintenance Services		35,000	35,000	28,498	6,502
General Supplies	-	194,849	194,849	179,824	15,025
Total Security	200,000	139,849	339,849	314,271	25,578
Student Transportation Services					
Salaries of Non-Instructional Aides	975,282	68,000	1,043,282	1,042,901	381
Salaries for Pupil Transportation (Between Home and School) - Regular	796,038	(19,253)	776,785	775,995	790
Salaries for Pupil Transportation (Between Home and School) - Special	683,535	167,503	851,038	850,257	781
Salaries for Pupil Transportation (Other Than Between Home and School)	156,850	21,500	178,350	178,068	282
Management Fee - ESC & CTSA Transportation	97,187	(26,500)	70,687	70,446	241
Other Purchased Professional/Technical Services	27,800		27,800	24,324	3,476
Cleaning, Repair and Maintenance Services	8,000		8,000	1,400	6,600
Lease Purchase Payments - School Buses	337,849	7,000	344,849	342,795	2,054
Contracted Services-Aid in Lieu of Payments- Non-Public Schools	670,000	30,000	700,000	697,451	2,549
Contracted Services (Other than Between Home & School)- Vendors	80,000	69,500	149,500	149,007	493
Contracted Services (Regular Students) - ESCs & CTSAs	1,035,956	518,500	1,554,456	1,554,263	193
Contracted Services (Spl. Ed. Students) - ESCs & CTSAs	1,663,752	(30,959)	1,632,793	1,632,465	328
Miscellaneous Purchased Services - Transportation	41,000		41,000	34,184	6,816
General Supplies	243,275	13,500	256,775	256,761	14
Transportation Supplies	40,000	-	40,000	36,683	3,317
Total Student Transportation Services	6,856,524	818,791	7,675,315	7,647,000	28,315

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 2,150,000	\$ (50,000)	\$ 2,100,000	\$ 2,070,925	\$ 29,075
Other Retirement Contributions - PERS	1,880,000	(131,675)	1,748,325	1,748,284	41
Other Retirement Contributions - Regular		102,175	102,175	102,175	
Workmen's Compensation	625,000	11,589	636,589	636,310	279
Health Benefits	27,190,551	(935,132)	26,255,419	25,938,810	316,609
Tuition Reimbursement	70,000	22,500	92,500	92,029	471
Other Employee Benefits	2,500,000	1,749,960	4,249,960	4,141,020	108,940
	<u>34,415,551</u>	<u>769,417</u>	<u>35,184,968</u>	<u>34,729,553</u>	<u>455,415</u>
Total Unallocated Benefits					
Interest - Deposit to Maintenance Reserve	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
On-behalf TPAF Pension Contr. (Non-budgeted)					
Normal				13,493,718	(13,493,718)
NCGI				282,459	(282,459)
Post-Retirement Medical Costs				6,248,851	(6,248,851)
Long-Term Disability Insurance				17,742	(17,742)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	5,416,097	(5,416,097)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,416,097</u>	<u>(5,416,097)</u>
Total Undistributed Expenditures	<u>94,722,369</u>	<u>2,143,886</u>	<u>96,866,255</u>	<u>120,760,260</u>	<u>(23,894,005)</u>
Total Current Expenditures	<u>163,912,199</u>	<u>1,509,850</u>	<u>165,422,049</u>	<u>188,778,102</u>	<u>(23,356,053)</u>
CAPITAL OUTLAY					
Equipment					
Instruction					
Grades 1-5		17,180	17,180	2,397	14,783
Grades 6-8		34,015	34,015	30,258	3,757
Grades 9-12	130,000	2,425	132,425	132,425	
School-Sponsored and Other Instructional Program	5,000	(5,000)			
Undistributed Expenditures					
Instruction		9,356	9,356	8,141	1,215
Health Services		2,328	2,328	2,327	1
Educational Media Services/School Library		12,990	12,990	12,990	
School Administration	14,999		14,999	8,990	6,009
Required Maintenance of School Facilities		219,424	219,424	173,530	45,894
Non Instructional Equipment					
Lease Purchase Agreement - Principal		100,000	100,000	100,000	
Student Transportation Services		54,311	54,311	54,311	
School Buses - Regular	50,000	(50,000)			
School Buses - Special	50,000	(50,000)	-	-	-
	<u>249,999</u>	<u>347,029</u>	<u>597,028</u>	<u>525,369</u>	<u>71,659</u>
Total Equipment					
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		431,682	431,682	343,656	88,026
Construction Services		3,056,397	3,056,397	2,294,219	762,178
Assessment for Debt Service on SDA Funding	130,701	-	130,701	130,701	-
	<u>130,701</u>	<u>3,488,079</u>	<u>3,618,780</u>	<u>2,768,576</u>	<u>850,204</u>
Total Facilities Acquis. and Const. Services					

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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	-	-	-	\$ 524,277	\$ (524,277)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	524,277	(524,277)
Interest Deposit to Capital Reserve	\$ 7,000	-	\$ 7,000	-	7,000
Total Capital Outlay	387,700	\$ 3,835,108	4,222,808	3,818,222	404,586
Transfer Funds to Charter School	6,074,332	(496,129)	5,578,203	5,540,289	37,914
Total Expenditures	170,374,231	4,848,829	175,223,060	198,136,613	(22,913,553)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,036,518)	(3,650,429)	(7,686,947)	(1,236,581)	6,450,366
Other Financing Sources					
Capital Leases (Non-Budgeted)	-	-	-	524,277	524,277
Total Other Financing Sources	-	-	-	524,277	524,277
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,036,518)	(3,650,429)	(7,686,947)	(712,304)	6,974,643
Fund Balances, Beginning of Year	20,892,488	-	20,892,488	20,892,488	-
Fund Balances, End of Year	\$ 16,855,970	\$ (3,650,429)	\$ 13,205,541	\$ 20,180,184	\$ 6,974,643
Recapitulation					
Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's Expenditures				1,500,000	
Capital Reserve				3,919,413	
Capital Reserve - Designated for Subsequent Year's Expenditures				6,515,250	
Maintenance Reserve				503,000	
Maintenance Reserve- Designated for Subsequent Year's Expenditures				750,000	
Committed Fund Balance					
Year-End Encumbrances				871,427	
Assigned Fund Balance					
Year-End Encumbrances				193,883	
Designated for Subsequent Year's Expenditures				2,301,600	
Unassigned Fund Balance					
				3,625,611	
Budgetary Fund Balance					
				20,180,184	
Reconciliation to Governmental Funds statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				3,979,990	
Fund Balances Per Governmental Funds (GAAP)					
				\$ 16,200,194	

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 667,019	\$ 954,002	\$ 1,621,021	\$ 1,407,232	\$ (213,789)
Federal	9,295,373	2,724,147	12,019,520	10,842,700	(1,176,820)
Local Sources					
Miscellaneous	-	38,770	38,770	16,954	(21,816)
Total Revenues	<u>9,962,392</u>	<u>3,716,919</u>	<u>13,679,311</u>	<u>12,266,886</u>	<u>(1,412,425)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	4,203,125	(648,793)	3,554,332	3,359,084	195,248
Other Salaries for Instruction	292,377	43,556	335,933	335,294	639
Purchased Professional/Technical Services		208,728	208,728	160,104	48,624
Purchased Professional/Educational Services		66,072	66,072	18,665	47,407
Other Purchased Services	2,206,304	(112,749)	2,093,555	2,024,631	68,924
Tuition		34,270	34,270	34,270	
General Supplies	202,467	227,277	429,744	348,457	81,287
Other Objects	4,000	13,083	17,083	17,174	(91)
Total Instruction	<u>6,908,273</u>	<u>(168,556)</u>	<u>6,739,717</u>	<u>6,297,679</u>	<u>442,038</u>
Support Services					
Salaries		21,880	21,880	21,880	
Salaries of Supervisors of Instruction		109,187	109,187	109,187	
Salaries of Principal, Asst. Principals & Directors	70,048	71,352	141,400	94,708	46,692
Salaries of Other Professional Staff	148,139	256,811	404,950	404,334	616
Salaries of Secretarial and Clerical Asst.	36,176	60,503	96,679	107,804	(11,125)
Other Salaries	57,754	(6,854)	50,900	50,900	
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists	64,859	42,458	107,317	107,317	
Salaries of Literacy/Math Coach	272,099	176,603	448,702	446,102	2,600
Salaries of Technology Coordinator		97,902	97,902	96,678	1,224
Personal Services- Employee Benefits	845,658	1,043,388	1,889,046	1,825,212	63,834
Purchased Professional/Technical Services		66,678	66,678	23,623	43,055
Purchased Prof./Educational Services	412,473	534,026	946,499	415,769	530,730
Purchased Educational Services - Contracted Pre-K		543,878	543,878	543,878	
Purchased Educational Services - Head Start	554,106	263,374	817,480	817,480	
Other Purchased Professional - Education Services	10,000	10,648	20,648	20,648	
Other Purchased Professional Services	2,000	627	2,627	2,627	
Other Purchased Professional and Technical Service	91,025	(2,076)	88,949	80,413	8,536
Cleaning, Repair and Maintenance Services	38,805	(3,697)	35,108	35,108	
Rentals	263,000	(17,367)	245,633	245,633	
Other Purchased Services	35,094	224,113	259,207	96,590	162,617
Contracted Services (Other Than Between Home and School) - Grant Agreements		178	178	178	
Travel	10,000	4,349	14,349	2,795	11,554
Miscellaneous Purchased Services		4,188	4,188	4,188	
Supplies and Materials	90,120	316,121	406,241	304,942	101,299
Textbooks	52,763	(1,659)	51,104	44,449	6,655
Other Objects	-	2,120	2,120	2,120	-
Total Support Services	<u>3,054,119</u>	<u>3,818,731</u>	<u>6,872,850</u>	<u>5,904,563</u>	<u>968,287</u>
Facilities Acquisition and Construction					
Instructional Equipment		33,798	33,798	31,698	2,100
Non Instructional Equipment	-	32,946	32,946	32,946	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>66,744</u>	<u>66,744</u>	<u>64,644</u>	<u>2,100</u>
Total Expenditures	<u>9,962,392</u>	<u>3,716,919</u>	<u>13,679,311</u>	<u>12,266,886</u>	<u>1,412,425</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CLIFTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 196,900,032	C-2	\$ 12,266,886
Difference- Budget to GAAP				
State Aid payments (2017/2018) recognized for GAAP Purposes not recognized for budgetary statements.		3,494,671		
Difference - Budget to GAAP:				
State Aid payments (2018/2019) recognized for budgetary purposes, not recognized for GAAP statements		<u>(3,979,990)</u>		<u>(83,473)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	<u>196,414,713</u>	B-2	<u>\$ 12,183,413</u>
Uses/outflows of resources				
Actual expenditures (budgetary basis)	C-1	\$ 198,136,613	C-2	\$ 12,266,886
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	<u>\$ 198,136,613</u>	B-2	<u>\$ 12,266,886</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 Six Fiscal Years ***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.17413 %	0.17792 %	0.18175 %	0.18600 %	0.17725 %	0.18227 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 34,286,459	\$ 41,418,521	\$ 53,829,236	\$ 41,754,757	\$ 33,186,220	\$ 34,837,087
District's Covered-Employee Payroll	\$ 11,733,384	\$ 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	292%	343%	443%	334%	264%	287%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	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 Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,732,088	\$ 1,648,302	\$ 1,614,644	\$ 1,661,393	\$ 1,444,633	\$ 1,450,940
Contributions in Relation to the Contractually Required Contributions	<u>1,732,088</u>	<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	\$ 11,719,105	\$ 11,733,384	\$ 12,066,823	\$ 12,143,859	\$ 12,507,490	\$ 12,593,399
Contributions as a Percentage of Covered-Employee Payroll	14.78%	14.05%	13.38%	13.68%	11.55%	11.52%

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 Six Fiscal Years ***

	<u>2019</u>	<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	\$ <u>432,381,737</u>	\$ <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>
Total	\$ <u>432,381,737</u>	\$ <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	\$ 73,687,210	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	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, 2019**

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 Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 12,544,401	\$ 15,223,842
Interest on Total OPEB Liability	11,822,101	10,155,276
Differences Between Expected and Actual Experience	(34,502,853)	-
Changes of Assumptions	(31,293,787)	(42,431,320)
Gross Benefit Payments	(7,291,923)	(7,640,998)
Contribution from the Member	<u>252,021</u>	<u>281,361</u>
Net Change in Total OPEB Liability	(48,470,040)	(24,411,839)
Total OPEB Liability - Beginning	<u>321,170,886</u>	<u>345,582,725</u>
Total OPEB Liability - Ending	<u><u>272,700,846</u></u>	<u><u>321,170,886</u></u>
District's Proportionate Share of OPEB Liability		\$0
State's Proportionate Share of OPEB Liability	<u>272,700,846</u>	<u>321,170,886</u>
Total OPEB Liability - Ending	<u><u>\$ 272,700,846</u></u>	<u><u>\$ 321,170,886</u></u>
District's Covered-Employee Payroll	<u><u>\$ 85,420,594</u></u>	<u><u>\$ 84,047,432</u></u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	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, 2019**

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, 2019

	ESEA Title I	ESEA Title I - Reallocated	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								\$ 16,954		\$ 16,954
State Sources								834,730	\$ 572,502	1,407,232
Federal Sources	\$ 3,194,413	\$ 12,387	\$ 4,700	\$ 443,651	\$ 135,033	\$ 53,000	\$ 110,996	6,888,520	-	10,842,700
Total Revenues	\$ 3,194,413	\$ 12,387	\$ 4,700	\$ 443,651	\$ 135,033	\$ 53,000	\$ 110,996	\$ 7,740,204	\$ 572,502	\$ 12,266,886
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 2,151,353	\$ 11,445		\$ 3,353	\$ 94,530	\$ 53,000	\$ 54,574	\$ 990,829		\$ 3,359,084
Other Salaries for Instruction								335,294		335,294
Purchased Professional/Technical Services	27,650							132,454		160,104
Purchased Professional/Educational Services	18,665									18,665
Other Purchased Services								2,024,631		2,024,631
Tuition								34,270		34,270
General Supplies	5,951	942			6,600			305,322	\$ 29,642	348,457
Other Objects	-	-	-	-	-	-	-	17,174	-	17,174
Total Instruction	2,203,619	12,387	-	3,353	101,130	53,000	54,574	3,839,974	29,642	6,297,679
Support Services										
Salaries					10,880			11,000		21,880
Salaries of Supervisors of Instruction								109,187		109,187
Salaries of Principal, Asst. Principals & Directors	37,610							57,098		94,708
Salaries of Other Professional Staff	52,869							351,465		404,334
Salaries of Secretarial and Clerical Asst.	32,022							54,911	20,871	107,804
Other Salaries								50,900		50,900
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists								107,317		107,317
Salaries of Literacy/Math Coach	36,886			105,956				303,260		446,102
Salaries of Technology Coordinator				96,678						96,678
Personal Services- Employee Benefits	803,040			170,004	16,760		43,533	791,875		1,825,212
Purchased Professional/Technical Services							2,123	21,500		23,623
Purchased Prof/Educational Services	17,686			10,229	4,250			113,890	269,714	415,769
Purchased Educational Services - Contracted Pre-K								543,878		543,878
Purchased Educational Services - Head Start								817,480		817,480
Other Purchased Professional - Education Services								20,648		20,648
Other Purchased Professional Services								2,627		2,627
Other Purchased Professional and Technical Services									80,413	80,413
Cleaning, Repair and Maintenance Services								35,108		35,108
Rentals								245,633		245,633
Other Purchased Services	10,630		\$ 4,700	57,431	2,013		10,766	11,050		96,590
Contracted Services (Other Than Between Home and School) - Grant Agreements								178		178
Travel	51							2,744		2,795
Miscellaneous Purchased Services								4,188		4,188
Supplies and Materials								177,529	127,413	304,942
Textbooks									44,449	44,449
Other Objects	-	-	-	-	-	-	-	2,120	-	2,120
Total Support Services	990,794	-	4,700	440,298	33,903	-	56,422	3,835,586	542,860	5,904,563
Facilities Acquisition and Construction										
Instructional Equipment								31,698		31,698
Non Instructional Equipment								32,946		32,946
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	64,644	-	64,644
Total Expenditures	\$ 3,194,413	\$ 12,387	\$ 4,700	\$ 443,651	\$ 135,033	\$ 53,000	\$ 110,996	\$ 7,740,204	\$ 572,502	\$ 12,266,886

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Local Programs	I.D.E.A.- Part B	I.D.E.A.- Part B- Basic Preschool	Twenty-First Century	Preschool Development - Expansion (PEG)	Preschool Education Expansion Aid (PEEA)	Carl D. Perkins	Total Exhibit E-1 Page 2
REVENUES								
Local Sources	\$ 16,954							\$ 16,954
State Sources						\$ 834,730		\$ 834,730
Federal Sources	-	\$ 2,854,127	\$ 87,949	\$ 467,962	\$ 3,464,786	-	\$ 13,696	6,888,520
Total Revenues	\$ 16,954	\$ 2,854,127	\$ 87,949	\$ 467,962	\$ 3,464,786	\$ 834,730	\$ 13,696	\$ 7,740,204
EXPENDITURES								
Instruction								
Salaries of Teachers		\$ 182,630		\$ 208,180	\$ 600,019			\$ 990,829
Other Salaries for Instruction		101,731			212,644	\$ 20,919		335,294
Purchased Professional/Technical Services		29,493		102,961				132,454
Other Purchased Services		1,933,787	\$ 87,949	1,195	1,700			2,024,631
Tuition		34,270						34,270
General Supplies		86,069		7,460	149,976	55,029	\$ 6,788	305,322
Other Objects		-		14,072	3,102	-		17,174
Total Instruction	-	2,367,980	87,949	333,868	967,441	75,948	6,788	3,839,974
Support Services								
Salaries	\$ 11,000							11,000
Salaries of Supervisors of Instruction					109,187			109,187
Salaries of Principal, Asst. Principals & Directors		3,700		53,398				57,098
Salaries of Other Professional Staff		251,288			100,177			351,465
Salaries of Secretarial and Clerical Asst.				19,180	35,731			54,911
Other Salaries					50,900			50,900
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists					107,317			107,317
Salaries of Literacy/Math Coach		1,000			178,344	123,916		303,260
Personal Services- Employee Benefits		41,337		28,772	665,016	56,750		791,875
Purchased Professional/Technical Services				21,500				21,500
Purchased Prof./Educational Services		113,890						113,890
Purchased Educational Services - Contracted Pre-K						543,878		543,878
Purchased Educational Services - Head Start					817,480			817,480
Other Purchased Professional - Education Services					20,648			20,648
Other Purchased Professional Services					2,627			2,627
Cleaning, Repair and Maintenance Services					35,108			35,108
Rentals					245,633			245,633
Other Purchased Services	802	8,276		1,972				11,050
Contracted Services (Other Than Between Home and School) - Grant Agreements					178			178
Travel				2,744				2,744
Miscellaneous Purchased Services					4,188			4,188
Supplies and Materials	5,152	66,656		6,528	64,955	34,238		177,529
Other Objects					2,120			2,120
Total Support Services	16,954	486,147	-	134,094	2,439,609	758,782	-	3,835,586
Facilities Acquisition and Construction								
Instructional Equipment					24,790		6,908	31,698
Non Instructional Equipment					32,946			32,946
Total Facilities Acquisition and Construction	-	-	-	-	57,736	-	6,908	64,644
Total Expenditures	\$ 16,954	\$ 2,854,127	\$ 87,949	\$ 467,962	\$ 3,464,786	\$ 834,730	\$ 13,696	\$ 7,740,204

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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>New Jersey Exhibit E-1 Page 3</u>
REVENUES											
Local Sources											
State Sources	\$ 29,642	\$ 80,413	\$ 44,449	\$ 127,413	\$ 21,580	\$ 141,284	\$ 13,078	\$ 36,943	\$ 48,436	\$ 29,264	\$ 572,502
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 29,642</u>	<u>\$ 80,413</u>	<u>\$ 44,449</u>	<u>\$ 127,413</u>	<u>\$ 21,580</u>	<u>\$ 141,284</u>	<u>\$ 13,078</u>	<u>\$ 36,943</u>	<u>\$ 48,436</u>	<u>\$ 29,264</u>	<u>\$ 572,502</u>
EXPENDITURES											
Instruction											
General Supplies	\$ 29,642	-	-	-	-	-	-	-	-	-	\$ 29,642
Total Instruction	<u>29,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,642</u>
Support Services											
Salaries of Secretarial and Clerical Asst.						\$ 20,871					20,871
Purchased Prof./Educational Services					\$ 21,580	120,413	\$ 13,078	\$ 36,943	\$ 48,436	\$ 29,264	269,714
Other Purchased Professional and Technical Services		\$ 80,413									80,413
Supplies and Materials				\$ 127,413							127,413
Textbooks	-	-	\$ 44,449	-	-	-	-	-	-	-	44,449
Total Support Services	<u>-</u>	<u>80,413</u>	<u>44,449</u>	<u>127,413</u>	<u>21,580</u>	<u>141,284</u>	<u>13,078</u>	<u>36,943</u>	<u>48,436</u>	<u>29,264</u>	<u>542,860</u>
Total Expenditures	<u>\$ 29,642</u>	<u>\$ 80,413</u>	<u>\$ 44,449</u>	<u>\$ 127,413</u>	<u>\$ 21,580</u>	<u>\$ 141,284</u>	<u>\$ 13,078</u>	<u>\$ 36,943</u>	<u>\$ 48,436</u>	<u>\$ 29,264</u>	<u>\$ 572,502</u>

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION EXPANSION AID SCHEDULE OF EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXPENDITURES	<u>Original</u> <u>Budget</u>	<u>Adjustments</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Final To Actual</u> <u>Variance</u>
Instruction					
Other Salaries for Instruction		\$ 20,919	\$ 20,919	\$ 20,919	
General Supplies	-	55,029	55,029	55,029	-
Total Instruction	-	75,948	75,948	75,948	-
Support Services					
Salaries of Facilitators/Master Teachers		123,916	123,916	123,916	-
Personal Services - Employee Benefits		56,750	56,750	56,750	-
Purchased Ed. Services - Contracted Pre-K		543,878	543,878	543,878	-
Supplies and Materials	-	34,238	34,238	34,238	-
Total Support Services	-	758,782	758,782	758,782	-
Total Expenditures	\$ -	\$ 834,730	\$ 834,730	\$ 834,730	\$ -

Calculation of Budget Carryover

Total revised 2018-2019 Preschool Education Aid Allocation	\$ 834,730
Total Preschool Ed. Aid Funds Available for 2018-2019 Budget	834,730
Add: June 30, 2019 Unexpended Preschool Education Aid	-
2018-2019 C/O - Preschool Education Aid Programs	-
2018-19 Preschool Education Aid Carryover Budgeted in 2019-20	-

CAPITAL PROJECTS FUND

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2019</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
LED Lighting Project District-Wide 18/19	<u>319,690</u>	<u>-</u>	<u>\$ 310,707</u>	<u>8,983</u>
	<u>\$ 6,635,112</u>	<u>\$ 4,530,646</u>	<u>\$ 310,707</u>	<u>\$ 1,793,759</u>
Project Balances				\$ 1,793,759
Less:				
Unearned SDA Revenue				<u>(551,511)</u>
Fund Balance - GAAP Basis				<u>\$ 1,242,248</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, 2019**

Revenues and Other Financing Sources	
Interest	\$ 3,346
Capital Lease Proceeds	<u>316,344</u>
Total Revenues	<u>319,690</u>
Expenditures and Other Financing Uses	
Facilities Acquisition and Construction Services	<u>310,707</u>
Total Expenditures and Other Financing Uses	<u>310,707</u>
Excess of Revenues Over Expenditures	8,983
Fund Balance, July 1, 2018 - Budgetary Basis	<u>\$ 1,784,776</u>
Fund Balance, June 30, 2019 - Budgetary Basis	<u>\$ 1,793,759</u>
Reconciliation of Fund Balance - GAAP Basis	
Fund Balance, June 30, 2019 - Budgetary Basis	\$ 1,793,759
Less Unearned Revenue - SDA Grant	<u>(551,511)</u>
Fund Balance, June 30, 2019 - GAAP Basis	<u>\$ 1,242,248</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, 2019**

	<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, 2019**

	<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, 2019**

	<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, 2019**

	<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, 2019**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 132,000		\$ 132,000	\$ 132,000
Local Share- Transfer from Capital Reserve	198,000	-	198,000	198,000
	<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	<u>\$ 330,000</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
LED LIGHTING PROJECT DISTRICT-WIDE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds		\$ 316,344	\$ 316,344	\$ 316,344
Interest	-	3,346	3,346	3,346
Total Revenues and Other Financing Sources	-	319,690	319,690	319,690
 Expenditures and Other Financing Uses				
Facilities Acquisition and Construction Services	-	310,707	310,707	319,690
Total Expenditures and Other Financing Uses	-	310,707	310,707	319,690
 Excess (Deficiency) of Revenues Over (Under) Expenditures				
	\$ -	\$ 8,983	\$ 8,983	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 316,344
Additional Appropriation	3,346
Revised Authorized Cost	\$ 319,690
 Percentage Increase Over Original Authorized Cost	
	1.06%
 Percentage Completion	
	100%
Original Target Completion Date	6/30/2019
Revised Target Completion Date	6/30/2019

PROPRIETARY FUNDS

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 569,455	\$ 1,060,975	\$ 1,630,430
Due from Other Funds	-	102,420	102,420
	<u>569,455</u>	<u>1,163,395</u>	<u>1,732,850</u>
Total Assets	<u>\$ 569,455</u>	<u>\$ 1,163,395</u>	<u>\$ 1,732,850</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 1,163,395	\$ 1,163,395
Due to Student Groups	\$ 569,455	-	569,455
	<u>569,455</u>	<u>1,163,395</u>	<u>1,732,850</u>
Total Liabilities	<u>\$ 569,455</u>	<u>\$ 1,163,395</u>	<u>\$ 1,732,850</u>

**COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	Balance, July 1, 2018	Cash Receipts	Cash Disbursements	Balance, June 30, 2019
MIDDLE SCHOOLS				
Woodrow Wilson	\$ 40,717	\$ 126,383	\$ 136,869	\$ 30,231
Christopher Columbus	<u>24,003</u>	<u>18,181</u>	<u>26,533</u>	<u>15,651</u>
Total Middle Schools	<u>64,720</u>	<u>144,564</u>	<u>163,402</u>	<u>45,882</u>
HIGH SCHOOL				
Clifton High School	<u>442,277</u>	<u>325,656</u>	<u>363,983</u>	<u>403,950</u>
OTHER				
Internal Account	104,183	515,302	513,931	105,554
Athletic Account	6,390	54,637	56,111	4,916
Athletic Hall of Fame Acct	<u>10,153</u>	<u>-</u>	<u>1,000</u>	<u>9,153</u>
Total Other	<u>120,726</u>	<u>569,939</u>	<u>571,042</u>	<u>119,623</u>
Total All Schools	<u>\$ 627,723</u>	<u>\$ 1,040,159</u>	<u>\$ 1,098,427</u>	<u>\$ 569,455</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance, July 1, 2018	Cash Receipt	Cash Disbursements	Balance, June 30, 2019
Payroll Deductions and Withholdings	\$ 1,041,743	\$ 45,003,697	\$ 44,882,045	\$ 1,163,395
Accrued Salaries and Wages		62,591,974	62,591,974	-
Due (from)/to Other Funds	<u>(103,532)</u>	<u>6,907,719</u>	<u>6,906,607</u>	<u>(102,420)</u>
Total	<u>\$ 938,211</u>	<u>\$ 114,503,390</u>	<u>\$ 114,380,626</u>	<u>\$ 1,060,975</u>

LONG-TERM DEBT

CLIFTON BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	6/4/2013	\$ 7,410,000	3/1/2020	\$ 785,000	4.00%				
			3/1/2021	810,000	4.00%				
			3/1/2022	805,000	4.00%				
			3/1/2023-24	800,000	4.00%				
			3/1/2025	770,000	4.00%	\$ 5,535,000	\$ -	\$ 765,000	\$ 4,770,000
						<u>\$ 5,535,000</u>	<u>\$ -</u>	<u>\$ 765,000</u>	<u>\$ 4,770,000</u>

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2018</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2019</u>
2014 (3) 24 Passenger Buses	2.19%	\$ 160,500	\$ 5,647		\$ 5,647	
2014 (3) 54 Passenger Buses	2.00%	282,375	9,869		9,869	
2015 (2) 54 Passenger, (2) 20 Passenger and (1) 19 Passenger Buses	2.37%	353,572	80,002		73,776	\$ 6,226
102 2016 (3) 24 Passenger and (2) 54 Passenger Buses	2.00%	362,000	146,229		72,432	73,797
2017 (5) 54 Passenger Buses	2.15%	466,200	280,663		91,553	189,110
2018 (3) 54 Passenger Buses and (3) 24 Passenger Buses	1.74%	485,083	410,861		67,448	343,413
2019 (3) 54 Passenger Buses and (3) 24 Passenger Buses	3.16%	524,277		\$ 524,277	99,264	425,013
2019 LED Lighting Project	3.14%	316,344	-	316,344	26,732	289,612
			<u>\$ 933,271</u>	<u>\$ 840,621</u>	<u>\$ 446,721</u>	<u>\$ 1,327,171</u>

**CLIFTON BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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	\$ 986,400	-	\$ 986,400	\$ 986,400	-
 Total Revenues	<u>986,400</u>	<u>-</u>	<u>986,400</u>	<u>986,400</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Principal	765,000		765,000	765,000	
Interest	221,400	-	221,400	221,400	-
 Total Expenditures	<u>986,400</u>	<u>-</u>	<u>986,400</u>	<u>986,400</u>	<u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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,									
	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 60,611,153
Restricted	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	12,929,911
Unrestricted	(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)	(40,926,404)
Total governmental activities net position	\$ 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	\$ 32,614,660
Business-type activities										
Net Investment in Capital Assets	\$ 134,696	\$ 118,590	\$ 97,993	\$ 215,922	\$ 219,498	\$ 182,189	\$ 149,283	\$ 124,275	\$ 238,609	\$ 300,988
Unrestricted	685,691	1,058,601	974,466	946,261	796,367	838,892	792,413	768,467	464,110	626,915
Total business-type activities net position	\$ 820,387	\$ 1,177,191	\$ 1,072,459	\$ 1,162,183	\$ 1,015,865	\$ 1,021,081	\$ 941,696	\$ 892,742	\$ 702,719	\$ 927,903
District-wide										
Net Investment in capital assets	\$ 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	\$ 60,912,141
Restricted	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	12,929,911
Unrestricted	(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)	(40,299,489)
Total district net position	\$ 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	\$ 33,542,563

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 96,152,332
Special education	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	33,302,494
Other instruction	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	12,480,936
School Sponsored Activities and Athletics	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	2,741,225
Support Services:										
Student & instruction related services	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	35,926,760
Educational Media/School Library	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	2,358,544
School Administrative services	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	11,079,576
General administration	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	3,437,187
Central Services	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	3,101,276
Plant operations and maintenance	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	17,871,887
Pupil transportation	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	9,739,905
Interest on long-term debt	1,343,236	1,010,561	989,666	968,684	873,173	535,980	534,816	468,462	407,088	362,794
Total governmental activities expenses	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	228,554,916
Business-type activities:										
Food service	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	5,156,395
Other Non Major	371,989	242,605	237,165	305,275	430,995	519,929	615,910	589,960	50,074	54,133
Total business-type activities expense	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	5,210,528
Total district expenses	\$ 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	\$ 233,765,444
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 163,840	\$ 218,265				\$ 102,656	\$ 288,939	\$ 815,769	\$ 898,803	\$ 1,186,971
Support Services (tuition)								25,854		
Operating grants and contributions	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	70,283,999
Capital grants and contributions	50,469	68,178	1,587,105	-	-	1,238,641	649,771	64,385	11,808	45,848
Total governmental activities program revenues	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	71,516,818

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services										
Food service	\$ 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	\$ 1,657,046
Other Non Major	344,735	265,266	281,594	348,439	449,785	513,999	496,031	624,330	69,957	76,241
Operating grants and contributions	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	3,702,066
Total business type activities program revenues	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	5,435,353
Total district program revenues	\$ 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	\$ 76,952,171
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (157,038,098)
Business-type activities	291,891	352,657	113,384	88,808	(147,850)	37,787	(80,204)	(51,148)	(198,302)	224,825
Total district-wide net expense	\$ (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)	\$ (156,813,273)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net and for debt svc	\$ 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	\$ 134,081,082
State Aid restricted for debt service	222,259	184,062	181,134	178,050	174,797	170,304	145,357	140,439	39,634	
Unrestricted grants and contributions	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	21,170,590
Miscellaneous income	768,389	543,737	1,001,353	2,866,965	1,107,607	811,998	899,379	849,270	1,198,392	1,002,676
Transfers	(27,254)		3,962	-	-	32,836	-	-	-	
Total governmental activities	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	156,254,348
Business-type activities:										
Investment earnings	4,016	4,137	1,312	916	1,532	265	819	1,586	1,423	359
Miscellaneous income								608	6,856	
Transfers	27,254		(3,962)	-	-	(32,836)	-	-	-	
Total business-type activities	31,270	4,137	(2,650)	916	1,532	(32,571)	819	2,194	8,279	359
Total district-wide	\$ 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	\$ 156,254,707
Change in Net Position										
Governmental activities	\$ 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	\$ (783,750)
Business-type activities	323,161	356,794	110,734	89,724	(146,318)	5,216	(79,385)	(48,954)	(190,023)	225,184
Total district	\$ 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	\$ (558,566)

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,068,024									
Unreserved	(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	\$ 13,187,663
Committed							579,811	1,516,704	2,647,302	871,427
Assigned		913,999	3,062,633	3,102,293	1,616,132	1,337,218	2,007,667	2,059,547	2,822,895	2,495,483
Unassigned		350,415	(97,438)	(179,677)	(185,926)	(54,937)	130,380	(42,465)	(21,659)	(354,379)
Total general fund	\$ 587,520	\$ 5,255,269	\$ 11,419,022	\$ 17,256,636	\$ 17,011,625	\$ 12,553,602	\$ 12,309,705	\$ 14,080,595	\$ 17,397,817	\$ 16,200,194
All Other Governmental Funds										
Reserved			\$ 33,413	\$ 33,412						
Unreserved	\$ 192,067									
Restricted		\$ 36,759				\$ 172,484	\$ 2,192,139	\$ 1,336,745	\$ 1,247,838	\$ 1,233,265
Unassigned										\$ 1,242,248
Total all other governmental funds	\$ 192,067	\$ 36,759	\$ 33,413	\$ 33,412	\$ 172,484	\$ 2,192,139	\$ 1,336,745	\$ 1,247,838	\$ 1,233,265	\$ 1,158,775

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 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	\$ 134,081,082
Tuition charges										
Miscellaneous	942,129	770,467	1,010,802	2,873,405	1,124,621	921,572	1,192,615	1,695,401	2,126,227	2,206,601
State sources	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	62,142,207
Federal sources	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	11,157,982
Total revenue	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	209,587,872
Expenditures										
Instruction										
Regular Instruction	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	87,658,742
Special education instruction	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	30,677,004
Other instruction	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	11,451,925
School sponsored activities and athletics	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	2,493,956
Support Services:										
Student & inst. related services	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	32,830,192
Attendance and Social Work	400,291	432,272	434,011	-	-	-	-	-	-	-
Educational Media/School Library	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	2,128,837
General administration	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	3,389,544
School administrative services	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	9,897,720
Central services	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	3,024,164
Plant operations and maintenance	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	13,404,513
Pupil transportation	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	9,310,251
Capital outlay	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	3,843,809
Debt service:										
Refunding bond issuance costs			58,685	100,366	-	26,068				
Advance Refunding Escrow			61,170	610,495	-					
Principal	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	1,211,721
Interest and other charges	1,146,462	1,114,920	974,132	895,237	805,306	673,270	546,453	475,868	395,954	378,228
Total expenditures	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	211,700,606
Excess (Deficiency) of revenues over (under) expenditures	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	(2,112,734)

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing sources (uses)										
Proceeds from borrowing										
Capital leases (non-budgeted)	\$ 295,849	\$ 390,219	\$ 436,632	\$ 444,870	\$ 1,452,997	\$ 353,572	\$ 362,000	\$ 466,200	\$ 485,083	\$ 840,621
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	571,829	159,574	49,824	-	445,000	3,539,489				
Transfers out	(599,083)	(159,574)	(45,862)	-	(445,000)	(3,506,653)	-	-	-	-
Total other financing sources (uses)	<u>268,595</u>	<u>390,219</u>	<u>581,288</u>	<u>1,155,731</u>	<u>1,452,997</u>	<u>412,476</u>	<u>362,000</u>	<u>466,200</u>	<u>485,083</u>	<u>840,621</u>
Net change in fund balances	<u>\$ 912,508</u>	<u>\$ 4,512,441</u>	<u>\$ 6,160,407</u>	<u>\$ 5,837,613</u>	<u>\$ (105,939)</u>	<u>\$ (2,438,368)</u>	<u>\$ (1,099,291)</u>	<u>\$ 1,681,983</u>	<u>\$ 3,302,649</u>	<u>\$ (1,272,113)</u>
Debt service as a percentage of noncapital expenditures	2.54%	2.62%	2.53%	2.40%	2.49%	2.32%	1.95%	1.87%	1.28%	0.76%

* 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
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
2019	326,514	2,495	120,646	110,607	67,597	1,186,971	99,169	272,302	2,186,301

**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
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
2019	46,461,400	3,810,314,200	298,500	12,400	797,672,900	519,843,500	141,043,800	5,315,646,700	6,840,163	5,322,486,863	10,110,595,494	2.541

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>
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
2019	2.541	1.579	1.334	5.454

Source: County Abstract of Ratables

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

Taxpayer	2019	
	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 Peekay Drive LLC	37,000,000	0.70%
Clifton Commons, LLC	33,509,800	0.63%
Public Service	33,056,300	0.62%
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%
	\$ 304,294,000	5.72%

	2010	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman La Roche	\$ 132,000,500	2.48%
Clifton Commons, LLC	40,841,100	0.77%
Castleton Assoc. LLC	40,501,500	0.76%
Public Service	32,678,500	0.61%
Morris Clifton Assoc. LLC	23,950,000	0.45%
Country Club Towers I & II LLC	23,581,900	0.44%
ITT Industries Inc.	20,098,100	0.38%
Styertowne Shopping Center	19,607,600	0.37%
Clifpass Development	16,686,100	0.31%
Target Corp	15,659,400	0.29%
	\$ 365,604,700	6.87%

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	
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%	
2019	134,081,082	134,081,082	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			
2010	\$ 24,958,000	\$ 558,773	\$ 25,516,773	84,172	\$ 303
2011	22,293,000	697,037	22,990,037	84,692	271
2012	19,591,000	809,147	20,400,147	84,709	241
2013	16,872,000	877,152	17,749,152	84,923	209
2014	14,122,000	1,709,793	15,831,793	85,177	186
2015	11,512,000	1,728,103	13,240,103	85,232	155
2016	9,217,000	1,396,518	10,613,518	85,141	125
2017	6,935,000	1,155,295	8,090,295	85,144	95
2018	5,535,000	933,271	6,468,271	85,273	76
2019	4,770,000	1,327,171	6,097,171	85,273 *	72

Source: District records

* Estimate

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2010	\$ 24,958,000	\$ 1	\$ 24,957,999	0.47%	\$ 297
2011	22,293,000	1	22,292,999	0.42%	263
2012	19,591,000	33,413	19,557,587	0.37%	231
2013	16,872,000	33,412	16,838,588	0.32%	198
2014	14,122,000	44,170	14,077,830	0.26%	165
2015	11,512,000	90,567	11,421,433	0.21%	134
2016	9,217,000	60,970	9,156,030	0.17%	108
2017	6,935,000	14,573	6,920,427	0.13%	81
2018	5,535,000		5,535,000	0.10%	65
2019	4,770,000		4,770,000	0.09%	56

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, 2018
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Board of Education	\$ 5,535,000	\$ 5,535,000	
City	<u>125,087,224</u>	<u>36,160,797</u>	<u>\$ 88,926,427</u>
	<u>\$ 130,622,224</u>	<u>\$ 41,695,797</u>	88,926,427
Overlapping Debt Apportioned to the Municipality:			
Passaic County:			
County of Passaic (A)			101,145,407
Passaic County Utilities Authority- Solid Waste (A)			9,934,814
Passaic Valley Sewerage Commission (B)			11,961,554
Passaic Valley Water Commission (C)			16,196,376
North Jersey District Water Supply Commission (B)			<u>1,152,863</u>
Total Direct and Overlapping Debt			<u>\$ 229,317,441</u>

Source:

(1) City's 2018 Annual Debt Statement

(A) The debt for this entity was apportioned to the City by dividing the municipality's 2018 equalized value by the total 2018 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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 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	\$ 388,952,960
Total net debt applicable to limit	<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>	<u>4,770,000</u>
Legal debt margin	<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>	<u>\$ 384,182,960</u>
Total net debt applicable to the limit as a percentage of debt limit	5.69%	5.22%	4.82%	4.34%	3.70%	3.04%	2.43%	1.83%	1.45%	1.23%

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis
	2018 \$ 9,952,099,287
	2017 9,634,886,765
	2016 <u>9,584,485,971</u>
	<u>\$ 29,171,472,023</u>
Average equalized valuation of taxable property	\$ 9,723,824,008
Debt limit (4 % of average equalization value)	388,952,960
Total Net Debt Applicable to Limit	<u>4,770,000</u>
Legal debt margin	<u>\$ 384,182,960</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>
2010	84,172	\$ 40,555	10.2%
2011	84,692	41,980	7.4%
2012	84,709	42,585	10.1%
2013	84,923	43,037	8.8%
2014	85,177	45,251	6.9%
2015	85,232	46,625	5.8%
2016	85,141	47,142	5.0%
2017	85,144	48,152	4.7%
2018	85,273	N/A	4.2%
2019	85,273 *	N/A	N/A

Source: New Jersey State Department of Labor and Workforce Development

N/A - Not Available

* Estimate

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

Employer	2019		2010	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2019</u>
Instruction										
Regular	659	642	665	682	693	703	705	702	705	708
Special education	120	121	131	143	150	152	160	167	172	177
Other special education	52	60	59	146	160	168	177	181	178	210
Other instruction	13	27	24	22	26	23	24	23	21	26
Support Services:										
Student & instruction related services	166	152	162	177	177	186	182	180	181	183
General administration	8	8	7	7	7	7	7	7	7	7
School administrative services	78	73	70	72	77	78	70	68	68	70
Central services	16	15	15	18	18	17	17	16	16	17
Administrative Information Technology	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	98	96	94	94	98	96	98	97	98	98
Pupil transportation	47	47	47	47	47	47	46	46	46	91
Other support services	55	62	72	24	24	24	24	24	24	24
Food Service	15	14	13	10	10	7	7	4	3	2
Total	<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>	<u>1,616</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				
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%
2019	10,626	206,266,848	19,412	7.88%	885	14.01	10.18	12.34	11,051	10,645	0.95%	96.33%

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)

	2010	2012	2013	2014	2015	2016	2017	2018	2019
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	290	300	307	297	301	308	289	281	280
School No. 2 (1930)									
Square Feet	60,660	60,660	60,600	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	428	430	419	432	439	436	411	426	421
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	285	300	319	312	292	291	298	296	298
School No. 4 (1929)									
Square Feet	21,380	21,380	21,380	21,380	21,380	21,380	21,380	21,380	21,380
Capacity (students)	144	144	144	144	144	144	144	144	144
Enrollment	151	157	165	174	168	179	176	170	168
School No. 5 (1913)									
Square Feet	49,645	49,645	49,645	49,645	49,645	49,645	49,645	49,645	49,645
Capacity (students)	313	313	313	313	313	313	313	313	313
Enrollment ^a	367	368	376	365	384	382	368	378	374
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	219	220	232	226	217	220	233	227	223
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	309	333	342	345	325	315	325	335	339
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	469	450	461	482	500	471	468	461	460
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	585	594	664	668	661	541	574	570	579

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

	2010	2012	2013	2014	2015	2016	2017	2018	2019
<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	440	463	440	475	462	480	499	484	484
School No. 14 (1953)									
Square Feet	39,815	47,915	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	38	346	339	332	348	373	399	416	421
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	345	347	361	362	364	363	351	344	341
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	235	207	214	225	249	217	244	248	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	554	561	552	593	600	629	622	604	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	1,153	1,216	1,201	1,173	1,152	1,197	1,225	1,224	1,226
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	1,303	1,346	1,295	1,263	1,218	1,205	1,187	1,194	1,198
<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	2,819	3,299	3,235	3,130	2,712	3,001	2,919	2,929	2,962

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

	2010	2012	2013	2014	2015	2016	2017	2018	2019
<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
Clifton Early Learner Academy - 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							225	225
Clifton Early Learner Academy - Allwood Road Square Feet						12,995	12,995	12,995	12,995
Capacity (students)						150	150	150	150
Enrollment						110	130	115	115
School No. 12 Annex Square Feet						11,000	11,000	11,000	11,000
Capacity (students)						150	150	150	150
Enrollment						120	120	120	121
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, 2019									
Elementary									17
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>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>	<u>2019</u>
SCHOOL FACILITIES										
Board of Education Building	\$ 41,155	\$ 27,053	\$ 36,082	\$ 29,801	\$ 26,843	\$ 21,398	\$ 28,309	\$ 37,528	\$ 44,170	\$ 45,405
Clifton Stadium	20,398	9,593	12,088	4,845	6,283	1,420	12,655		15,555	9,203
Transportation	26,443	24,657	20,918	28,127	20,164	19,862	26,754	35,555	29,129	43,018
Clifton High School	222,784	244,797	246,740	258,469	222,711	199,160	240,603	326,721	368,996	390,736
Clifton High School Annex		49,378	40,656	51,734	52,144	37,077	49,418	65,674	77,298	139,716
Woodrow Wilson Middle School	117,121	98,474	90,294	106,304	103,273	97,673	106,352	134,547	142,740	165,822
Christopher Columbus Middle School	84,449	78,121	74,594	92,079	64,681	76,951	86,894	115,478	151,540	36,363
School No. 1	24,513	30,459	20,204	23,676	21,650	30,719	22,616	30,055	35,375	68,856
School No. 2	49,520	37,714	36,972	45,171	40,140	35,699	42,824	56,901	66,964	52,596
School No. 3	41,583	34,318	31,742	35,862	29,390	41,882	32,711	43,471	51,167	24,269
School No. 4	20,380	24,938	13,384	15,801	21,752	18,632	15,094	20,059	23,609	56,353
School No. 5	42,630	35,675	32,441	37,600	29,828	37,791	35,048	46,577	54,822	31,590
School No. 8	23,242	18,283	48,389	20,568	18,718	27,195	19,647	26,110	30,732	59,281
School No. 9	36,627	33,187	35,456	38,597	31,811	28,221	36,869	48,997	57,670	64,640
School No. 11	44,086	38,550	35,100	42,086	34,458	34,960	40,201	53,427	62,883	81,761
School No. 12	49,556	45,418	39,032	51,509	46,535	42,060	54,574	65,436	77,054	59,548
School No. 12 Annex	62,488	-								
School No. 13	52,299	49,122	39,400	38,771	30,839	27,396	37,035	49,218	57,929	54,389
School No. 14	30,573	24,019	21,246	35,668	27,598	33,094	33,826	44,954	52,911	37,015
School No. 15	26,245	23,255	24,042	22,068	19,564	18,996	29,929	28,015	32,973	42,788
School No. 16	35,156	34,332	31,292	27,859	26,952	21,572	26,611	35,365	41,626	108,038
School No. 17	86,965	79,686	73,022	69,103	76,836	68,007	70,279	86,607	101,937	79,458
GRAND TOTAL	<u>\$ 1,138,213</u>	<u>\$ 1,041,029</u>	<u>\$ 1,003,094</u>	<u>\$ 1,075,698</u>	<u>\$ 952,170</u>	<u>\$ 919,765</u>	<u>\$ 1,048,249</u>	<u>\$ 1,350,695</u>	<u>\$ 1,577,080</u>	<u>\$ 1,650,845</u>

Source: District Records

CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2019

	<u>Coverage</u>	<u>Deductible</u>
Package Policy - American Alternative Insurance Company		
7/1/2018-2019		
GPPAPF6056488-01/100		
<u>Property and Casualty</u>		
Building & Contents Including Equipment Breakdown	\$ 271,267,562	\$ 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
Include Faithful Performance of Duty		
Forgery or Alteration	\$ 250,000	\$ 5,000
Theft of Money & Securities Inside the Premises	\$ 250,000	\$ 5,000
Inside the Premises Robbery & Safe Burglary	\$ 100,000	\$ 5,000
Outside the Premises	\$ 250,000	\$ 5,000
Computer Fraud & Fund Transfer Fraud	\$ 250,000	\$ 5,000
Money Orders	\$ 250,000	\$ 5,000
Fraudulent Impersonation	\$ 250,000	\$ 5,000
Earthquake- Each Occurrence/Annual Aggregate	\$ 5,000,000	\$ 100,000
Flood (Outside Zones A, V or B) Each Occ & Agg	\$ 5,000,000	\$ 50,000
(Zone B)	\$ 2,000,000	\$ 100,000
(Zone A or V)	\$ 1,000,000	\$ 500,000
Commercial Automobile	\$ 1,000,000	
Comprehensive & Collision		\$ 1,000
 <u>Commercial Umbrella- American Alternative Ins. Co.</u>		
GPPAPF6056488-01/100	Limit	Retention
	\$ 9,000,000	\$ 10,000
 <u>Excess Liability- Fireman's Fund</u>		
Policy SHX-000-4904-8473	\$ 50,000,000	\$ 10,000
Underlying Insurance \$10,000,000		
 <u>Excess Liability- Starstone/Markel NJUEP</u>		
Policy Period 8/1/2018-7/1-2019	\$ 30,000,000	
 <u>School Board Legal Liability E&O - Darwin National Assurance</u>		
Policy - ELL0950349	Limit	Deductible
Employment Practices Liability	\$ 1,000,000	\$ 25,000
	\$ 1,000,000	\$ 75,000
 <u>Public Official Bonds-Hartford Fidelity Bonding</u>		
13BSBHW9099 Michael Ucci - 4/16/2018 - 6/30/2019	\$ 605,000	N/A
13BSBHX6623 Yusein Durakov - Assistant Business Adm 6/1/2018 - 6/30/2019	\$ 50,000	N/A
13BSBBU3966 G. Harriet Schuster - Student Activity Fund Director 07/01/2018-06/30/2019	\$ 50,000	N/A
 <u>Accidental Death & Dismemberment - Gerber Life Insurance Co.</u>		
Policy - BTA 37350		
Principal Sum	\$ 100,000	N/A
Aggregate	\$ 500,000	N/A

**CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2019
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>Environmental Impairment Liability-Site Specific-CHUBB</u>		
<i>Claims Made and Reported Basis</i>	Limit	Deductible
<i>Policy - PPE G27064607-007</i>		
Each Occurrence	\$ 1,000,000	
Per Named Insured Aggregate Sublimit of Liability	\$ 3,000,000	
Total Policy Aggregate	\$ 10,000,000	
Per "Pollution Condition		\$ 25,000
Per "Fungi" or Legionella pneumophila condition		\$ 50,000
<u>Student Accident -</u>		
Policy Number 294-00T-502 B 8/1/2018-2019	\$ 25,000.00	\$0
Guarantee Trust Life Insurance Company		
Policy Number US563137 8/1/2018-7/31/2019	\$ 5,000,000	\$25,000
United States Fire Insurance Company		
Benefit Period 10 years		
<u>Cyber Coverage - Indian Harbor Insurance Co</u>		
Policy - MTP004157205		
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	\$ 2,000,000	10 hr waiting
Extra Expense Limit	\$ 2,000,000	\$ 25,000
Data Recovery	\$ 2,000,000	\$ 25,000
Cyber Extortion & Ransomware	\$ 2,000,000	\$ 25,000
Data Breach Response and Crisis Management Coverage	\$ 2,000,000	\$ 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, 2019 and the related notes to the financial statements, which collectively comprise the Clifton Board of Education's basic financial statements and have issued our report thereon dated November 14, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Clifton Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November, 14, 2019.

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 14, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ROBERT LERCH, CPA
CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Clifton Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Clifton Board of Education's major federal and state programs for the fiscal year ended June 30, 2019. 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, 2019.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the Clifton Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 14, 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
November 14, 2019

CLIFTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2018	A/R Carryover Amount	Unearned Revenue Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2019		Due to Grantor	MEMO GAAP Receivable
											(Accounts Receivable)	Unearned Revenue		
General Fund														
U.S. Department of Health & Human Services-														
Passed-Through State Dept. of Education														
Special Education Medicaid Initiative	93.778	1905NJ5MAP	N/A	7/1/18-6/30/19	\$ 315,282				\$ 315,282	\$ 315,282				
Special Education Medicaid Initiative	93.778	1805NJ5MAP	N/A	7/1/17-6/30/18	261,647	(62,387)	-	-	62,387	-	-	-	-	-
Total General Fund						(62,387)	-	-	377,669	315,282	-	-	-	-
U.S. Department of Agriculture														
Passed-Through State Dept. of Education														
Food Distribution Program - Non Cash Assistance	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	325,472				325,472	322,810		\$ 2,662		
Food Distribution Program - Non Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	275,552	2,379				2,379				
School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18-6/30/19	366,390				338,002	366,390	\$ (28,388)		\$ (28,388)	
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	430,295	(69,817)			69,817					
National School Lunch Program	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	2,493,079				2,384,999	2,493,079	(108,080)		(108,080)	
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	2,422,016	(440,222)			440,222					
After School Snacks	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	24,055				23,282	24,055	(773)		(773)	
After School Snacks	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	11,919	(2,315)			2,315					
Total Child Nutrition Cluster										3,208,713				
Child and Adult Food Program	10.558	191NJ304N1099	N/A	7/1/18-6/30/19	437,736				351,726	437,736	(86,010)		(86,010)	
Child and Adult Food Program	10.558	181NJ304N1099	N/A	7/1/17-6/30/18	134,309	(86,983)			86,983					
Total Enterprise Funds						(596,958)	-	-	4,022,818	3,646,449	(223,251)	2,662	-	(223,251)
U.S. Department of Education														
Passed-Through State Dept. of Education														
I.D.E.A. Part B, Basic	84.027	H027A170100	FT-1100-18	7/1/17-6/30/18	2,674,440	(136,858)			136,858					
I.D.E.A. Part B, Basic	84.027	H027A180100	FT-1100-19	7/1/18-6/30/19	3,249,942				2,345,661	2,854,127	(904,281)	395,815		(508,466)
I.D.E.A. Part B, Preschool	84.173	H173A170114	PS-1100-18	7/1/17-6/30/18	83,440	(1,299)			1,299					
I.D.E.A. Part B, Preschool	84.173	H173A180114	PS-1100-19	7/1/18-6/30/19	116,134					87,949	(116,134)	28,185		(87,949)
Total Special Education Cluster (IDEA)										2,942,076				
Twenty-First Century	84.287C	S287C170030	N/A	9/1/17-8/31/18	499,833	(207,022)			240,093	33,071				
Twenty-First Century	84.287C	S287C180030	N/A	9/1/18-8/31/19	499,995				338,609	434,891	(161,386)	65,104		(96,282)
Total Twenty-First Century Cluster										467,962				
ESEA Title III	84.365A	S365A170030	ESEA-310900	7/1/17-6/30/18	163,537	(14,902)			14,902					
ESEA Title III	84.365A	S365A180030	ESEA-310900	7/1/18-6/30/19	158,418				127,629	135,033	(30,789)	23,385		(7,404)
ESEA Title III - Immigrant	84.365A	S365A170030	ESEA-310900	7/1/17-6/30/18	43,402	(43,531)			43,531					
ESEA Title III - Immigrant	84.365A	S365A180030	ESEA-310900	7/1/18-6/30/19	61,780				30,813	53,000	(30,967)	8,780		(22,187)
Total English Language Acquisition Cluster (Title III)										188,033				
ESEA Title I	84.010A	S010A170030	ESEA-310900	7/1/17-6/30/18	3,306,009	(670,192)			670,192					
ESEA Title I - SIA	84.010A	S010A170030	ESEA-310900	7/1/17-6/30/18	16,786	(7,550)			7,550					
ESEA Title I Reallocated	84.010A	S010A180030	ESEA-310900	2/1/2019-9/30/2019	69,024					12,387	(69,024)	56,637		(12,387)
ESEA Title I	84.010A	S010A180030	ESEA-310900	7/1/18-6/30/19	3,423,335				1,770,919	3,194,413	(1,652,416)	228,922		(1,423,494)
ESEA Title I - SIA	84.010A	S010A180030	ESEA-310900	7/1/18-6/30/19	15,336				4,100	4,700	(11,236)	10,636		(600)
Total Title I Part A Grants Cluster										3,211,500				
ESEA Title II, Part A	84.367A	S367A170029	ESEA-310900	7/1/17-6/30/18	496,269	(152,841)			152,841					
ESEA Title II, Part A	84.367A	S367A180029	ESEA-310900	7/1/18-6/30/19	670,822				87,149	443,651	(583,673)	227,171		(356,502)
ESEA Title IV	84.424	S424A170031	ESEA-310900	7/1/17-6/30/18	43,868	(3,500)			3,500					
ESEA Title IV	84.424	S424A180031	ESEA-310900	7/1/18-6/30/19	241,254				7,886	110,996	(233,368)	130,258		(103,110)
Preschool Expansion Aid	84.419B	S419B170020	N/A	7/1/17-6/30/18	3,143,507	(1,526,974)			1,550,926				\$ 23,952	
Preschool Expansion Aid	84.419B	S419B180020	N/A	7/1/18-6/30/19	3,465,780				2,063,890	3,464,786	(1,401,890)	994		(1,400,896)
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					
Carl D. Perkins	84.048	V048A170030	PERK219018	7/1/17-6/30/18	20,516	(2,355)			2,355					
Carl D. Perkins	84.048	V048A180030	PERK219019	7/1/18-6/30/19	14,629				13,696	13,696	(933)	933		
Total Special Revenue Fund						(2,899,149)	-	-	9,746,524	10,842,700	(5,196,097)	1,176,820	23,952	(4,019,277)
Total						\$ (3,558,494)	\$ -	\$ -	\$ 14,147,011	\$ 14,304,431	\$ (5,419,348)	\$ 1,179,482	\$ 23,952	\$ (4,242,528)

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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018			Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2019			Memo Only	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Account Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education																
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 21,114,282	\$ (2,029,820)				\$ 2,029,820							*	
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	21,114,282					19,081,866	\$ 21,114,282			\$ (2,032,416)			*	\$ 21,114,282
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	6,684,519	(642,616)				642,616							*	
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	7,350,637					6,643,080	7,350,637			(707,557)			*	7,350,637
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	867,934	(83,439)				867,934							*	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	3,571,640					3,227,842	3,571,640			(343,798)			*	3,571,640
Under Adequacy Aid	18-495-034-5120-096	7/1/17-6/30/18	500,000	(48,067)				48,067							*	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	112,730	(10,837)				10,837							*	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	112,730	(10,837)				10,837							*	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	110,120	(10,586)				10,586							*	
Total State Aid Public Cluster									<u>32,036,559</u>						*	<u>32,036,559</u>
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	3,020,309					2,729,580	3,020,309			(290,729)			*	3,020,309
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	551,845	(53,052)				53,052							*	
Non-Public Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	215,492	(215,492)				215,492							*	
Non-Public Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	182,542						<u>182,542</u>			(182,542)			*	\$ (182,542) <u>182,542</u>
Total Transportation Aid Cluster									<u>3,202,851</u>						*	<u>3,202,851</u>
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	605,417	(605,417)				605,417							*	
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	605,490						605,490			(605,490)			*	605,490
TPAF Pension and Annuity Aid- Normal	19-495-034-5094-002	7/1/18-6/30/19	13,493,718					13,493,718	13,493,718						*	13,493,718
NCGI	19-495-034-5094-004	7/1/18-6/30/19	282,459					282,459	282,459						*	282,459
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	17,742					17,742	17,742						*	17,742
Post Retirement Medical	19-495-034-5094-001	7/1/18-6/30/19	6,248,851					6,248,851	6,248,851						*	6,248,851
TPAF Social Security Aid	19-495-034-5094-003	7/1/18-6/30/19	5,416,097					5,416,097				(266,346)			*	(266,346) <u>5,416,097</u>
Total General Fund				<u>(3,710,163)</u>				<u>60,585,052</u>	<u>61,303,767</u>			<u>(4,428,878)</u>			*	<u>(448,888)</u> <u>61,303,767</u>
Preschool Education Expansion Aid (PEEA)	19-495-034-5120-086	7/1/18-6/30/19	834,730					751,257	834,730			(83,473)			*	834,730
New Jersey Nonpublic Aid																
Auxiliary Services																
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	201,778					201,778	141,284						*	141,284
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	220,574			\$ 72,920				\$ 72,920				*		
English as a Second Language	19-100-034-5120-067	7/1/18-6/30/19	23,726					23,726	21,580				2,146		*	21,580
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	34,327			3,304				3,304				*		
Home Instruction	18-100-034-5120-067	7/1/17-6/30/18	6,208	(6,208)				6,208						*		
Transportation	19-100-034-5120-067	7/1/18-6/30/19	47,419					47,419	13,078				34,341		*	13,078
Transportation	18-100-034-5120-067	7/1/17-6/30/18	46,704			17,612				17,612				*		
Total Nonpublic Auxiliary Services Aid Cluster (Chapter 192)									<u>175,942</u>						*	<u>175,942</u>
Handicapped Services																
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	72,619					72,619	48,436					24,183	*	48,436
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	82,990			13,393				13,393				*		
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	56,247					56,247	29,264					26,983	*	29,264
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	72,317			25,153				25,153				*		
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	62,247					62,247	36,943					25,304	*	36,943
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	58,679			10,336				10,336				*		
Total Nonpublic Handicapped Services Aid Cluster (Chapter 193)									<u>114,643</u>						*	<u>114,643</u>
Special Revenue Fund																
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	51,104					51,104	44,449					6,655	*	44,449
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	60,257			2,573				2,573				*		
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	88,949					88,949	80,413					8,536	*	80,413
Technology	19-100-034-5120-373	7/1/18-6/30/19	34,452					34,452	29,642					4,810	*	29,642
Technology	18-100-034-5120-373	7/1/17-6/30/18	40,700			1,170				1,170				*		
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	147,750					147,750	127,413					20,337	*	127,413
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	86,100			28,850				28,850				*		
Total Special Revenue Fund				<u>(6,208)</u>		<u>175,311</u>		<u>1,543,756</u>	<u>1,407,232</u>			<u>(83,473)</u>		<u>213,789</u>	*	<u>1,407,232</u>

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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018			Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2019			Memo Only	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Account Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Economic Development Authority																
Educational Facilities Construction and Financing Act																
Capital Projects Fund																
Roof Replacement at High School and School #	0900-080-14-G2XU	07/1/13-6/30/14	\$ 716,760	\$ (77,094)	\$ 77,094							\$ (77,094)	\$ 77,094		\$ (77,094)	
Boiler Replacement at School #14 and #16	0900-190-14-G2LN 09-210-G2LR	07/1/13-6/30/14	375,000	(131,840)	118,914		\$ 9,024					(122,816)	118,914		(122,816)	
Electrical Upgrades at School #14 and #16	0900-210-14G2LS 0900-190-14-G2LO	07/1/13-6/30/14	337,500	(205,554)	205,554							(205,554)	205,554		(205,554)	
Window Replacement at School #14, #16 and Woodrow Wilson Middle School and Columbus Middle School	0900-070-14-G2LM 0900-190-14-G2LP 0900-210-14-G2LQ	07/1/13-6/30/14	802,509	(802,509)	147,958		556,319					(246,190)	147,958		(246,190)	
Video Camera/Security Upgrade at Woodrow Wilson and Christopher Columbus Middle School	0900-070-14-G2LL 0900-035-14-G2LK	07/1/13-6/30/14	132,000	(8,206)	1,991							(8,206)	1,991		(8,206)	
Total Capital Projects Fund				(1,225,203)	551,511			565,343				(659,860)	551,511		(659,860)	
State Department of Agriculture																
National School Lunch Pgm.(State Share)	19-100-010-3350-023	7/1/18-6/30/19	55,617				53,237	\$ 55,617				(2,380)			(2,380)	\$ 55,617
National School Lunch Pgm.(State Share)	18-100-010-3350-023	7/1/17-6/30/18	57,279	(10,233)			7,339					(2,894)			(2,894)	
Total Enterprise Funds				(10,233)				60,576	55,617			(5,274)			(5,274)	55,617
Total State Financial Assistance Subject to Single Audit Determination				\$ (3,726,604)	\$ 551,511	\$ 175,311	\$ -	\$ 62,189,384	\$ 62,766,616	\$ 175,311	\$ -	\$ (4,517,625)	\$ 551,511	\$ 213,789	\$ (1,114,022)	\$ 62,766,616
Less On-Behalf TPAF Pension and Annuity Aid																
Normal									13,493,718							
NCGI									282,459							
Long-Term Disability Insurance									17,742							
Post Retirement Medical									6,248,851							
Total State Financial Assistance Subject to Major Program Determination									\$ 42,723,846							

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, 2019**

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 \$485,319 for the general fund and a decrease of \$83,473 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 315,282	\$ 60,818,448	\$ 61,133,730
Special Revenue Fund	10,842,700	1,323,759	12,166,459
Food Service Fund	<u>3,646,449</u>	<u>55,617</u>	<u>3,702,066</u>
Total Financial Assistance	<u>\$ 14,804,431</u>	<u>\$ 62,197,824</u>	<u>\$ 77,002,255</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, 2019**

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 \$5,416,097 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$13,776,177, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$6,248,851 and TPAF Long-Term Disability Insurance in the amount of \$17,742 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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 as well 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, 2019**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Type of auditor's report on compliance for major programs:	<u>Unmodified</u>	
Internal Control over compliance:		
1) Material weakness(es) identified?	_____ yes	<u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance?	_____ yes	<u> X </u> none reported
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$ 750,000</u>	
Auditee qualified as low-risk auditee?	<u> X </u> yes	_____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.367A</u>	<u>S367A180029</u>	<u>Title II, Part A</u>
<u>84.419B</u>	<u>S419B180020</u>	<u>Preschool Expansion Aid</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-05, as amended? yes X none reported

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,281,715

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>19-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>19-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>19-495-034-5120-084</u>	<u>Security Aid</u>
<u>19-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>19-495-034-5120-086</u>	<u>Preschool Expansion Education Aid</u>

CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part 2 – Schedule of Financial Statement Findings

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

There are none.

CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

There are none

CURRENT YEAR STATE AWARDS

There are none

**CLIFTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 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.

Current Status

Corrective action was taken.

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.

Current Status

Corrective action was taken.

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.

Current Status

Corrective action was taken.

**CLIFTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 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.

Current Status

Corrective action was taken.

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.

Current Status

Corrective action was taken.