

CLIFTON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CLIFTON, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Clifton Board of Education
Clifton, New Jersey
For The Fiscal Year Ended June 30, 2020**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

CLIFTON PUBLIC SCHOOLS
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(973) 470 - 2288 • FAX (973) 773 - 8357

January 21, 2021

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, 2020 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). 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 2019-2020 fiscal year with an average daily enrollment of 10,943 for in-district students. The district also had 118 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 New Jersey Educators' Health Plan (NJEHP). This will have a major impact on the appropriations of the budget since it will allow employees to opt into the NJEHP to contribute based on salary and not on a percentage on premium.

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 2019-2020 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.
- Increased overall Internet bandwidth to classrooms [Local Funds and Federal E-Rate]
- Replaced 300 instructional computers and 120 printers throughout the district. [Local Funds]
- Purchased Chromebooks to go 1-1 for Grades 3-12. [Local funds and CARES Grant]
- Expanded Google Apps for Education and Google Classroom training. [Local funds + Federal ESEA Title funds]
- Implemented Defined STEM project-based learning program. [Local Funds]
- Implemented and expanded Imagine Math and Dreambox Math Programs. [Local Funds]
- Implemented 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) Completion of construction of the renovation of the Clifton High School auditorium to include HVAC.
 - ii) Completion of the School #1 boiler replacement.
 - iii) Completion of the Christopher Columbus Middle School drainage improvement project.
 - iv) Completion of the School #4 Gymnasium HVAC Upgrade.
 - v) Completion of the Christopher Columbus Middle School window replacement.
 - vi) Completion of the renovation of the Clifton High School science laboratories.
 - vii) Initial phase of the School #1 and School #5 Electrical Upgrade.

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, 2020.

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, 2020 the Clifton School District's outstanding long-term debt issued included \$3,985,000 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 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, cyber security, student accident insurance, and workers compensation insurance.

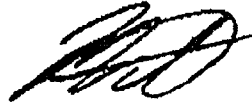
10) OTHER INFORMATION: An Independent Audit-State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, and Higgins LLP was selected by the Clifton Board of Education to conduct the independent audit. In 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,



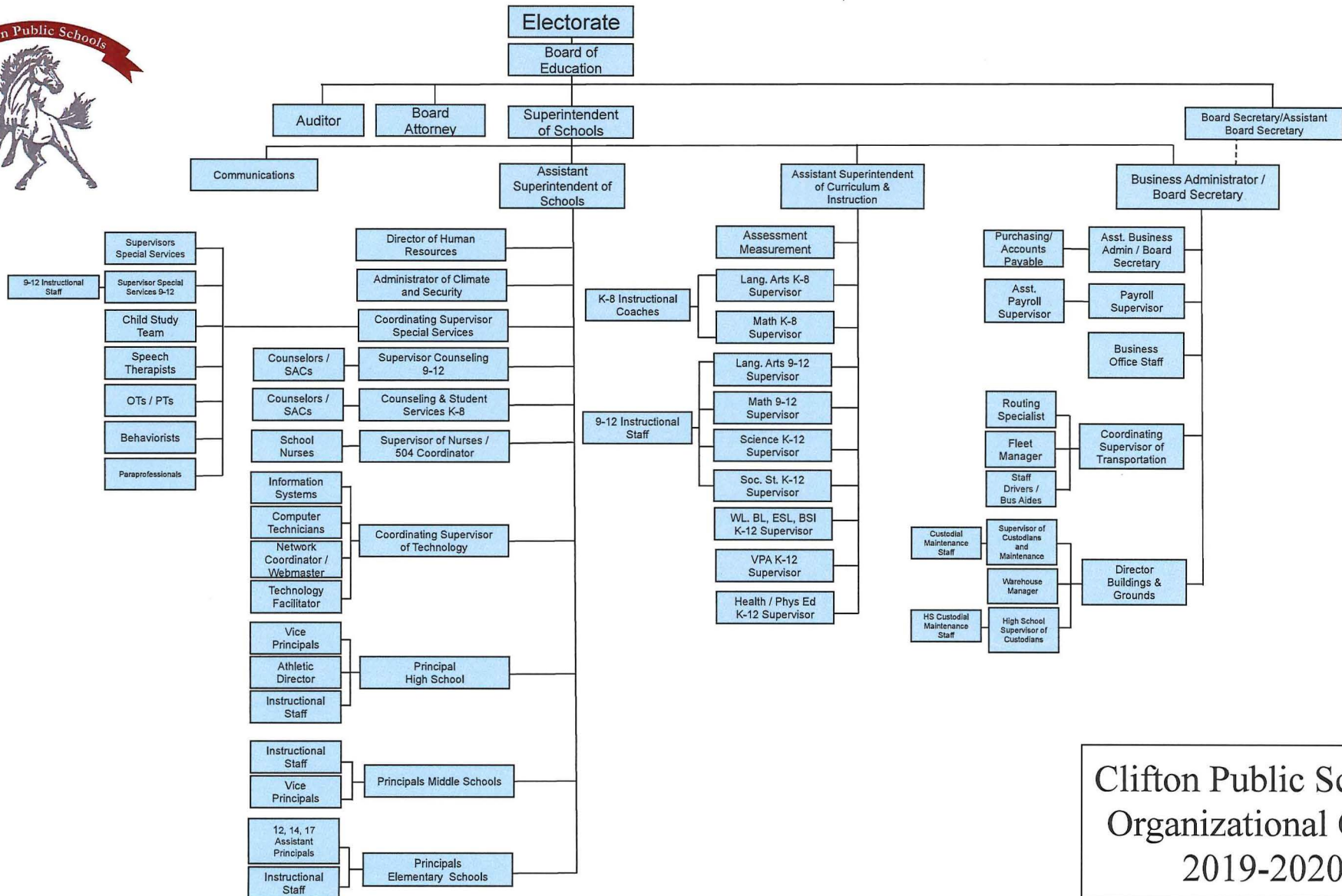
Danny Robertozzi
Superintendent of Schools



Michael Ucci
Board Secretary/
Business Administrator



V.T.I.



Clifton Public Schools
Organizational Chart
2019-2020

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, 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	Nov. 2020
Judith Bassford	Nov. 2021
Dana Beltran	Nov. 2022
Joe Canova	Nov. 2022
James Daley	Nov. 2022
Lucy Danny	Nov. 2021
Frank Kasper	Nov. 2021
Jim Smith	Nov. 2020
Gary Passenti	Nov. 2020

Other Officials

Danny Robertozzi,	Superintendent of Schools
Mark Tietjen,	Assistant Superintendent
Michael Ucci,	Board Secretary/Business Administrator
Eric Thomasevich,	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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clifton Board of Education, as of and for the fiscal year ended June 30, 2020 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, 2020, 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 January 21, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clifton Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Clifton Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 21, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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, 2020. 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 2020 are as follows:

- District-Wide - Overall revenues were \$231,348,077. General revenues accounted for \$162,080,059 or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$69,268,018 or 30 percent of total revenues.
- District-Wide - The School District had \$232,047,474 in expenses; only \$69,268,018 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted state aid) of \$162,080,059 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Clifton Board of Education's governmental funds reported combined ending fund balances of \$13,615,460 a decrease of \$3,743,509 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2020 and 2019, the unassigned fund balance (deficit) reported in the General Fund was \$(903,043) and \$(354,379) respectively, a decrease from the prior year of \$548,664.

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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, 2020

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, 2020

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, 2020

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 2020 and 2019. For 2020 and 2019 they were \$32,843,166 and \$33,542,563, 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, 2020**

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

Statement of Net Position
As of June 30, 2020 and 2019

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current and Other Assets	\$ 15,541,457	\$ 21,196,116	\$ 1,206,301	\$ 746,506	\$ 16,747,758	\$ 21,942,622
Capital Assets	68,806,974	66,753,053	364,249	300,988	69,171,223	67,054,041
Total Assets	<u>84,348,431</u>	<u>87,949,169</u>	<u>1,570,550</u>	<u>1,047,494</u>	<u>85,918,981</u>	<u>88,996,663</u>
Deferred Outflows of Resources						
Deferred Amounts on Debt Refunding	133,446	187,072			133,446	187,072
Deferred Amounts on Net Pension Liability	3,771,270	6,810,505	-	-	3,771,270	6,810,505
Total Deferred Outflows of Resources	<u>3,904,716</u>	<u>6,997,577</u>	<u>-</u>	<u>-</u>	<u>3,904,716</u>	<u>6,997,577</u>
Total Assets and Deferred Outflows of Resources	<u>88,253,147</u>	<u>94,946,746</u>	<u>1,570,550</u>	<u>1,047,494</u>	<u>89,823,697</u>	<u>95,994,240</u>
Liabilities						
Current Liabilities	2,019,338	3,923,145	167,016	116,929	2,186,354	4,040,074
Noncurrent Liabilities	41,270,437	45,110,066	-	-	41,270,437	45,110,066
Total Liabilities	<u>43,289,775</u>	<u>49,033,211</u>	<u>167,016</u>	<u>116,929</u>	<u>43,456,791</u>	<u>49,150,140</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			11,686	2,662	11,686	2,662
Deferred Amounts on Net Pension Liability	13,512,054	13,298,875	-	-	13,512,054	13,298,875
Total Deferred Inflows of Resources	<u>13,512,054</u>	<u>13,298,875</u>	<u>11,686</u>	<u>2,662</u>	<u>13,523,740</u>	<u>13,301,537</u>
Total Liabilities and Deferred Inflows of Resources	<u>56,801,829</u>	<u>62,332,086</u>	<u>178,702</u>	<u>119,591</u>	<u>56,980,531</u>	<u>62,451,677</u>
Net Position						
Net Investment in Capital Assets	62,912,732	60,611,153	364,249	300,988	63,276,981	60,912,141
Restricted	8,075,631	12,929,911			8,075,631	12,929,911
Unrestricted	(39,537,045)	(40,926,404)	1,027,599	626,915	(38,509,446)	(40,299,489)
Total Net Position	<u>\$ 31,451,318</u>	<u>\$ 32,614,660</u>	<u>\$ 1,391,848</u>	<u>\$ 927,903</u>	<u>\$ 32,843,166</u>	<u>\$ 33,542,563</u>

Governmental activities. Governmental activities decreased the District's net position by \$1,163,342. Key elements of this decrease are as follows.

CLIFTON BOARD OF EDUCATION

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

**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, 2020 and 2019**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services and Sales	\$ 657,232	\$ 1,186,971	\$ 1,221,766	\$ 1,733,287	\$ 1,878,998	\$ 2,920,258
Operating Grants and Contributions	63,415,271	70,283,999	3,961,699	3,702,066	67,376,970	73,986,065
Capital Grants and Contributions	12,050	45,848			12,050	45,848
General Revenues						
Property Taxes	135,235,060	134,081,082			135,235,060	134,081,082
Unrestricted State Aid	25,716,578	21,170,590			25,716,578	21,170,590
Other	<u>1,125,906</u>	<u>1,002,676</u>	<u>2,515</u>	<u>359</u>	<u>1,128,421</u>	<u>1,003,035</u>
Total Revenues	<u>226,162,097</u>	<u>227,771,166</u>	<u>5,185,980</u>	<u>5,435,712</u>	<u>231,348,077</u>	<u>233,206,878</u>
Expenses						
Instruction						
Regular	98,143,128	96,152,332			98,143,128	96,152,332
Special	31,578,844	33,302,494			31,578,844	33,302,494
Other Instruction	11,928,546	12,480,936			11,928,546	12,480,936
School Sponsored Activities & Ath.	2,697,719	2,741,225			2,697,719	2,741,225
Support Services						
Student and Instruction Related Serv.	35,794,704	35,926,760			35,794,704	35,926,760
Educational Media/School Library	2,446,799	2,358,544			2,446,799	2,358,544
School Administrative Services	11,801,149	11,079,576			11,801,149	11,079,576
General Administrative Services	2,895,216	3,437,187			2,895,216	3,437,187
Plant Operations and Maintenance	17,465,497	17,871,887			17,465,497	17,871,887
Pupil Transportation	8,931,000	9,739,905			8,931,000	9,739,905
Central Services	3,299,653	3,101,276			3,299,653	3,101,276
Food Service			4,659,339	5,156,395	4,659,339	5,156,395
Other Programs			62,696	54,133	62,696	54,133
Interest on Long-Term Debt	<u>343,184</u>	<u>362,794</u>	<u>-</u>	<u>-</u>	<u>343,184</u>	<u>362,794</u>
Total Expenses	<u>227,325,439</u>	<u>228,554,916</u>	<u>4,722,035</u>	<u>5,210,528</u>	<u>232,047,474</u>	<u>233,765,444</u>
Change in Net Position	(1,163,342)	(783,750)	463,945	225,184	(699,397)	(558,566)
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 31,451,318</u>	<u>\$ 32,614,660</u>	<u>\$ 1,391,848</u>	<u>\$ 927,903</u>	<u>\$ 32,843,166</u>	<u>\$ 33,542,563</u>

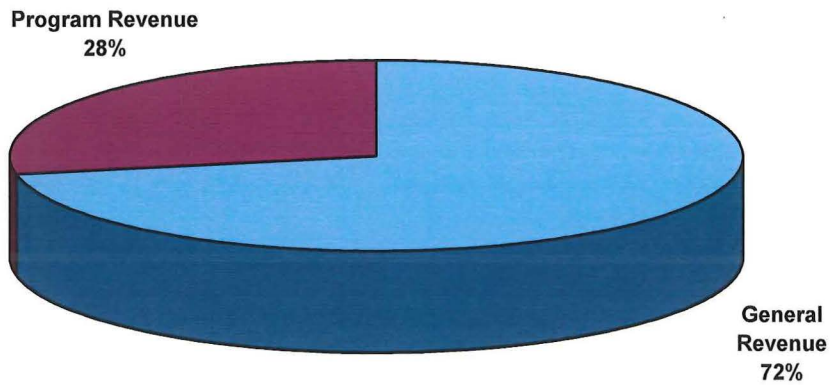
CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

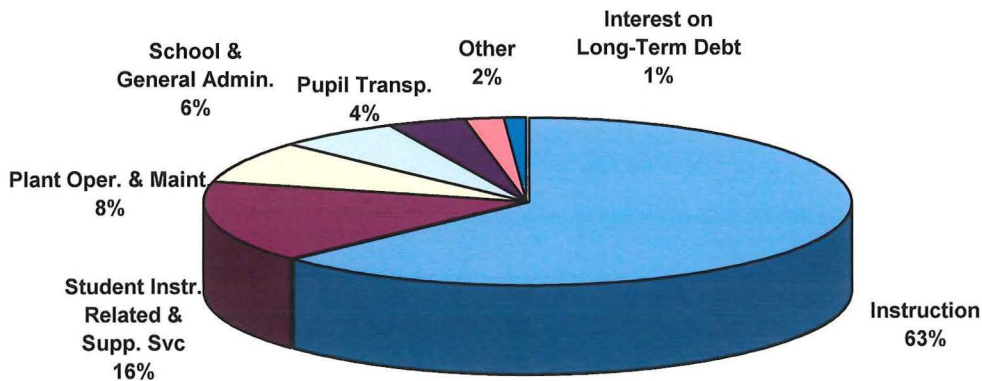
Governmental activities. The District's total governmental revenues were \$226,162,097. The general revenues included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$162,077,544 or 72% of total revenues. Program revenues from state and federal sources and charges for services and sales amounted to \$64,084,553 or 28%.

The District's total governmental expenses were \$227,325,439 which are predominantly related to instruction and support services. Instruction totaled \$144,348,237 (63%), student support services totaled \$82,634,018 (36%) and interest on long-term debt total \$343,184 (less than 1%) of total expenditures.

Revenue by Type – Governmental Activities
For Fiscal Year 2020



Expenditures by Type- Governmental Activities
For Fiscal Year 2020



CLIFTON BOARD OF EDUCATION

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Governmental activities. (Continued)

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2020 and 2019**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Governmental Activities				
Instruction				
Regular	\$ 98,143,128	\$ 96,152,332	\$ 78,379,095	\$ 72,263,959
Special Education	31,578,844	33,302,494	15,552,441	15,812,942
Other Instruction	11,928,546	12,480,936	6,928,239	7,031,265
School Sponsored Activities and Athletics	2,697,719	2,741,225	2,140,501	2,104,120
Support Services				
Student and Instruction Related Svcs.	35,794,704	35,926,760	23,129,987	22,423,648
Educational Media/School Library	2,446,799	2,358,544	1,909,027	1,766,688
General Administrative Services	2,895,216	3,437,187	2,886,270	3,386,564
School Administrative Services	11,801,149	11,079,576	8,983,664	8,101,643
Plant Operations and Maintenance	17,465,497	17,871,887	13,832,537	14,198,065
Pupil Transportation	8,931,000	9,739,905	5,873,954	6,574,897
Central Services	3,299,653	3,101,276	3,281,987	3,011,513
Interest on Long-Term Debt	343,184	362,794	343,184	362,794
	<hr/>	<hr/>	<hr/>	<hr/>
Total Governmental Activities	<u>\$ 227,325,439</u>	<u>\$ 228,554,916</u>	<u>\$ 163,240,886</u>	<u>\$ 157,038,098</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2020 was \$4,722,035. These costs were funded by operating grants, charges for services and investment earnings. The operations resulted in an increase in net position of \$463,945.

Major Enterprise Fund

Food Service Program

- Food service revenues were greater than expenses by \$451,288.
- Charges for services represent 20 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, 2020

Non-Major Enterprise Funds

Integrated Summer Enrichment Experience Program.

- Revenues were greater than expenses by \$12,657.
- Charges for services represent 100 percent of revenue.
- Revenues are comprised of program fees.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$13,615,460. At June 30, 2019, the fund balance was \$17,358,969.

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 \$219,840,208 and expenditures were \$223,583,717.

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, 2020 and 2019.

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 137,166,576	\$ 136,287,683	\$ 878,893	0.64%
State Sources	71,032,354	62,142,207	8,890,147	14.31%
Federal Sources	<u>7,610,073</u>	<u>11,157,982</u>	<u>(3,547,909)</u>	-31.80%
Total	<u>\$ 215,809,003</u>	<u>\$ 209,587,872</u>	<u>\$ 6,221,131</u>	2.97%

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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, 2020 and 2019.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Change
Current:				
Instruction	\$ 136,365,207	\$ 132,281,627	\$ 4,083,580	3.09%
Support Services	75,186,715	73,985,221	1,201,494	1.62%
Capital Outlay	7,294,076	3,843,809	3,450,267	89.76%
Debt Service				
Principal	1,493,648	1,211,721	281,927	23.27%
Interest and Other Costs	<u>350,279</u>	<u>378,228</u>	<u>(27,949)</u>	-7.39%
Total	<u>\$ 220,689,925</u>	<u>\$ 211,700,606</u>	<u>\$ 8,989,319</u>	4.25%

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:

- 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 2020 school year.

Capital Assets

At June 30, 2020 the District – Governmental Activities had invested \$68,806,974 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, 2020 and 2019 balances.

CLIFTON BOARD OF EDUCATION

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Capital Assets (Continued)

**Capital Assets as of June 30, 2020 and 2019
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 8,374,289	\$ 8,374,289			\$ 8,374,289	\$ 8,374,289
Land Improvements	3,619,285	3,608,245			3,619,285	3,608,245
Construction in Progress	1,741,710	2,577,917			1,741,710	2,577,917
Buildings and Improvements	126,112,196	118,843,429			126,112,196	118,843,429
Machinery, Equipment and Vehicles	<u>10,163,126</u>	<u>9,724,487</u>	<u>\$ 1,225,315</u>	<u>\$ 1,099,318</u>	<u>11,388,441</u>	<u>10,823,805</u>
Total	150,010,606	143,128,367	1,225,315	1,099,318	151,235,921	144,227,685
Less: Accumulated Depreciation	<u>81,203,632</u>	<u>76,375,314</u>	<u>861,066</u>	<u>798,330</u>	<u>82,064,698</u>	<u>77,173,644</u>
Total	<u>\$ 68,806,974</u>	<u>\$ 66,753,053</u>	<u>\$ 364,249</u>	<u>\$ 300,988</u>	<u>\$ 69,171,223</u>	<u>\$ 67,054,041</u>

Overall capital assets for Governmental Activities increased \$2,053,921 (net of depreciation) from fiscal year 2019 to fiscal year 2020.

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, 2020, the District had \$41,270,437 of outstanding debt. This debt is comprised of serial bonds for various school improvements, capital leases for the acquisition of student transportation (buses), LED lighting project and phone equipment compensated absences and net pension liability.

Long-term Liabilities

**Long-Term Debt
Outstanding Long-Term Liabilities
As of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
General Obligation Bonds, Gross	\$ 4,154,374	\$ 5,007,438
Capital Leases	1,873,314	1,327,171
Compensated Absences Payable	5,030,181	4,488,998
Net Pension Liability	<u>30,212,568</u>	<u>34,286,459</u>
Total	<u>\$ 41,270,437</u>	<u>\$ 45,110,066</u>

CLIFTON BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

- Capital Needs

During the past 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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 11,175,187	\$ 662,941	\$ 11,838,128
Receivables, net			
Receivables from Other Governments	3,873,159	426,124	4,299,283
Other	43,664	356,724	400,388
Internal Balances	309,630	(309,630)	-
Inventories		70,142	70,142
Restricted Assets			
Cash and Cash Equivalents with Fiscal Agent	139,817		139,817
Capital Assets, net			
Not Being Depreciated	10,115,999		10,115,999
Being Depreciated	<u>58,690,975</u>	<u>364,249</u>	<u>59,055,224</u>
 Total Assets	 <u>84,348,431</u>	 <u>1,570,550</u>	 <u>85,918,981</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	133,446		133,446
Deferred Amounts on Net Pension Liability	<u>3,771,270</u>	<u>-</u>	<u>3,771,270</u>
 Total Deferred Outflows of Resources	 <u>3,904,716</u>	 <u>-</u>	 <u>3,904,716</u>
 Total Assets and Deferred Outflows of Resources	 <u>88,253,147</u>	 <u>1,570,550</u>	 <u>89,823,697</u>
LIABILITIES			
Accounts Payable and Other Liabilities	1,381,402	114,822	1,496,224
Payable to State Government	412,618		412,618
Unearned Revenues	131,977	52,194	184,171
Accrued Interest Payable	93,341		93,341
Noncurrent Liabilities			
Due within one year	1,381,765		1,381,765
Due beyond one year	<u>39,888,672</u>	<u>-</u>	<u>39,888,672</u>
 Total Liabilities	 <u>43,289,775</u>	 <u>167,016</u>	 <u>43,456,791</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		11,686	11,686
Deferred Amounts on Net Pension Liability	<u>13,512,054</u>	<u>-</u>	<u>13,512,054</u>
 Total Deferred Inflows of Resources	 <u>13,512,054</u>	 <u>11,686</u>	 <u>13,523,740</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>56,801,829</u>	 <u>178,702</u>	 <u>56,980,531</u>
NET POSITION			
Net Investment in Capital Assets	62,912,732	364,249	63,276,981
Restricted for			
Capital Projects	6,796,923		6,796,923
Other Purposes	1,278,708		1,278,708
Unrestricted	<u>(39,537,045)</u>	<u>1,027,599</u>	<u>(38,509,446)</u>
 Total Net Position	 <u>\$ 31,451,318</u>	 <u>\$ 1,391,848</u>	 <u>\$ 32,843,166</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, 2020**

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	\$ 98,143,128	\$ 377,252	\$ 19,374,731	\$ 12,050	\$ (78,379,095)		\$ (78,379,095)
Special Education	31,578,844	279,980	15,746,423		(15,552,441)		(15,552,441)
Other Instruction	11,928,546		5,000,307		(6,928,239)		(6,928,239)
School Sponsored Activities and Athletics	2,697,719		557,218		(2,140,501)		(2,140,501)
Support Services							
Student and Instruction Related Services	35,794,704		12,664,717		(23,129,987)		(23,129,987)
Educational Media/School Library	2,446,799		537,772		(1,909,027)		(1,909,027)
General Administrative Services	2,895,216		8,946		(2,886,270)		(2,886,270)
School Administrative Services	11,801,149		2,817,485		(8,983,664)		(8,983,664)
Plant Operations and Maintenance	17,465,497		3,632,960		(13,832,537)		(13,832,537)
Pupil Transportation	8,931,000		3,057,046		(5,873,954)		(5,873,954)
Central Services	3,299,653		17,666		(3,281,987)		(3,281,987)
Interest on Long-Term Debt	343,184	-	-	-	(343,184)	-	(343,184)
Total Governmental Activities	227,325,439	657,232	63,415,271	12,050	(163,240,886)	-	(163,240,886)
Business-Type Activities							
Food Service	4,659,339	1,146,413	3,961,699			\$ 448,773	448,773
Other Programs	62,696	75,353	-	-	-	12,657	12,657
Total Business-Type Activities	4,722,035	1,221,766	3,961,699	-	-	461,430	461,430
Total Primary Government	\$ 232,047,474	\$ 1,878,998	\$ 67,376,970	\$ 12,050	(163,240,886)	461,430	(162,779,456)
General Revenues							
Property Taxes, Levied for General Purposes, Net					134,259,260		134,259,260
Property Taxes Levied for Debt Service					975,800		975,800
State Aid Unrestricted					25,716,578		25,716,578
Miscellaneous Income					1,243,284	2,515	1,245,799
Other Items					(117,378)	-	(117,378)
Total General Revenues					162,077,544	2,515	162,080,059
Change in Net Position					(1,163,342)	463,945	(699,397)
Net Position, Beginning of Year					32,614,660	927,903	33,542,563
Net Position, End of Year					\$ 31,451,318	\$ 1,391,848	\$ 32,843,166

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, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 10,021,411		\$ 1,153,776		\$ 11,175,187
Receivables, Net					
Receivables from Other Governments	1,200,949	\$ 2,672,210			3,873,159
Other	31,516	11,000			42,516
Due from Other Funds	2,895,351	12			2,895,363
Restricted Assets					
Cash and Cash Equivalents with Fiscal Agent	-	-	139,817	-	139,817
Total Assets	<u>\$ 14,149,227</u>	<u>\$ 2,683,222</u>	<u>\$ 1,293,593</u>	<u>\$ -</u>	<u>\$ 18,126,042</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Accrued Salaries	\$ 272,938	\$ 1,108,464			\$ 1,381,402
Due to Other Funds		1,430,809	1,153,776		2,584,585
Payable to Other Government		412,618			412,618
Unearned Revenue	-	131,977	-	-	131,977
Total Liabilities	<u>272,938</u>	<u>3,083,868</u>	<u>1,153,776</u>	<u>-</u>	<u>4,510,582</u>
Fund Balances					
Restricted:					
Excess Surplus	1,800,000				1,800,000
Capital Reserve	4,677,860				4,677,860
Capital Reserve- Designated for Subsequent Year's Expenditures	1,979,246				1,979,246
Maintenance Reserve	19,708				19,708
Maintenance Reserve-Designated for Subsequent Year's Expenditures	1,259,000				1,259,000
Capital Projects			139,817		139,817
Committed:					
Year End Encumbrances	1,320,851				1,320,851
Assigned:					
Year End Encumbrances	97,056				97,056
Designated for Subsequent Year's Expenditures	3,625,611				3,625,611
Unassigned					
General Fund	(903,043)				(903,043)
Special Revenue Fund	-	(400,646)	-	-	(400,646)
Total Fund Balances	<u>13,876,289</u>	<u>(400,646)</u>	<u>139,817</u>	<u>-</u>	<u>13,615,460</u>
Total Liabilities and Fund Balances	<u>\$ 14,149,227</u>	<u>\$ 2,683,222</u>	<u>\$ 1,293,593</u>	<u>\$ -</u>	<u>\$ 18,126,042</u>

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

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

Total Fund Balances (Exhibit B-1)	\$ 13,615,460
<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 \$150,010,606 and the accumulated depreciation is \$81,203,632.</p>	68,806,974
<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>	133,446
<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	\$ 3,771,270
Deferred Inflows of Resources	<u>(13,512,054)</u>
	(9,740,784)
<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>	(93,341)
<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	(4,154,374)
Capital Leases Payable	(1,873,314)
Compensated Absences Payable	(5,030,181)
Net Pension Liability	<u>(30,212,568)</u>
	<u>(41,270,437)</u>
Net position of governmental activities (Exhibit A-1)	<u>\$ 31,451,318</u>

**CLIFTON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 134,259,260			\$ 975,800	\$ 135,235,060
Miscellaneous	<u>1,900,470</u>	\$ 31,000	\$ 46	-	<u>1,931,516</u>
Total - Local Sources	136,159,730	31,000	46	975,800	137,166,576
State Sources					
Federal Sources	67,018,611	4,013,743			71,032,354
	<u>427,361</u>	<u>7,182,712</u>	-	-	<u>7,610,073</u>
Total Revenues	<u>203,605,702</u>	<u>11,227,455</u>	<u>46</u>	<u>975,800</u>	<u>215,809,003</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	90,024,259	2,530,903			92,555,162
Special Education Instruction	28,047,061	1,951,539			29,998,600
Other Instruction	8,508,843	2,767,624			11,276,467
School-Sponsored Activities and Athletics	2,534,978				2,534,978
Support Services					
Student and Instruction Related Services	27,785,300	5,934,010			33,719,310
Educational Media/School Library	2,289,737				2,289,737
General Administrative Services	2,921,661				2,921,661
School Administrative Services	10,967,179				10,967,179
Plant Operations and Maintenance	13,142,898				13,142,898
Pupil Transportation	8,751,221				8,751,221
Central Services	3,394,709				3,394,709
Debt Service					
Principal	708,648			785,000	1,493,648
Interest and Other Charges	159,479			190,800	350,279
Capital Outlay	<u>6,685,427</u>	<u>12,050</u>	<u>596,599</u>	-	<u>7,294,076</u>
Total Expenditures	<u>205,921,400</u>	<u>13,196,126</u>	<u>596,599</u>	<u>975,800</u>	<u>220,689,925</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,315,698)</u>	<u>(1,968,671)</u>	<u>(596,553)</u>	-	<u>(4,880,922)</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	518,375	-	736,416	-	1,254,791
Cancellation of Capital Leases			(9,029)	-	(9,029)
Cancellation of SDA Grant Receivable			(108,349)	-	(108,349)
Transfer In	1,124,916	1,651,498	-		2,776,414
Transfer Out	<u>(1,651,498)</u>	-	<u>(1,124,916)</u>	-	<u>(2,776,414)</u>
Total Other Financing Sources (Uses)	<u>(8,207)</u>	<u>1,651,498</u>	<u>(505,878)</u>	-	<u>1,137,413</u>
Net Change in Fund Balances	(2,323,905)	(317,173)	(1,102,431)	-	(3,743,509)
Fund Balance, Beginning of Year	<u>16,200,194</u>	<u>(83,473)</u>	<u>1,242,248</u>	-	<u>17,358,969</u>
Fund Balance, End of Year	<u>\$ 13,876,289</u>	<u>\$ (400,646)</u>	<u>\$ 139,817</u>	<u>\$ -</u>	<u>\$ 13,615,460</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, 2020**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (3,743,509)

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	\$ 7,294,076	
Depreciation Expense	<u>(5,240,155)</u>	2,053,921

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		(1,254,791)
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In the statement of activities, certain operating expenses - compensated absences and pension expense - are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences	(541,183)	
Decrease in Pension Expense	<u>821,477</u>	280,294

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	785,000	
Capital Leases	<u>708,648</u>	1,493,648

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	68,064	
Amortization of Deferred Amount on Refunding	<u>(53,626)</u>	14,438

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>(7,343)</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ (1,163,342)

**CLIFTON BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

	<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	\$ 607,486	\$ 55,455	\$ 662,941
Intergovernmental Receivable			
State	13,581		13,581
Federal	412,543		412,543
Other Receivables	356,724		356,724
Inventories	<u>70,142</u>	<u>-</u>	<u>70,142</u>
Total Current Assets	<u>1,460,476</u>	<u>55,455</u>	<u>1,515,931</u>
Capital Assets			
Equipment	1,225,315		1,225,315
Less: Accumulated Depreciation	<u>(861,066)</u>	<u>-</u>	<u>(861,066)</u>
Total Capital Assets, Net	<u>364,249</u>	<u>-</u>	<u>364,249</u>
Total Assets	<u>1,824,725</u>	<u>55,455</u>	<u>1,880,180</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	114,822		114,822
Due to Other Funds	309,630		309,630
Unearned Revenue	<u>52,194</u>	<u>-</u>	<u>52,194</u>
Total Current Liabilities	<u>476,646</u>	<u>-</u>	<u>476,646</u>
Total Liabilities	<u>476,646</u>	<u>-</u>	<u>476,646</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>11,686</u>	<u>-</u>	<u>11,686</u>
Total Liabilities and Deferred Inflows of Resources	<u>488,332</u>	<u>-</u>	<u>488,332</u>
NET POSITION			
Investment in Capital Assets	364,249		364,249
Unrestricted	<u>972,144</u>	<u>\$ 55,455</u>	<u>1,027,599</u>
Total Net Position	<u>\$ 1,336,393</u>	<u>\$ 55,455</u>	<u>\$ 1,391,848</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, 2020**

	<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		\$ 75,353	\$ 75,353
Daily Sales - Reimbursable	\$ 171,445		171,445
Daily Sales - Nonreimbursable	820,089		820,089
Special Functions - Nonreimbursable	<u>154,879</u>	<u>-</u>	<u>154,879</u>
 Total Operating Revenues	 <u>1,146,413</u>	 <u>75,353</u>	 <u>1,221,766</u>
 OPERATING EXPENSES			
Cost of Sales - Reimbursable	1,975,801		1,975,801
Cost of Sales - Nonreimbursable	136,112		136,112
Salaries and Employee Benefits	1,749,986	55,895	1,805,881
Purchased Services	491,310		491,310
Supplies and Materials	229,847	5,591	235,438
Miscellaneous	13,547	1,210	14,757
Depreciation	<u>62,736</u>	<u>-</u>	<u>62,736</u>
 Total Operating Expenses	 <u>4,659,339</u>	 <u>62,696</u>	 <u>4,722,035</u>
 Operating Income/(Loss)	 <u>(3,512,926)</u>	 <u>12,657</u>	 <u>(3,500,269)</u>
 NONOPERATING REVENUES			
State Sources			
School Lunch Program	52,587		52,587
Federal Sources			
School Breakfast Program	249,297		249,297
National School Lunch Program	1,789,060		1,789,060
Child and Adult Food Program	296,142		296,142
After School Snack	13,122		13,122
Seemless Summer Options Program	1,226,715		1,226,715
Food Distribution Program - Non Cash Assistance	334,776		334,776
Interest and Investment Revenue	<u>2,515</u>	<u>-</u>	<u>2,515</u>
 Total Nonoperating Revenues	 <u>3,964,214</u>	 <u>-</u>	 <u>3,964,214</u>
 Change in Net Position	 451,288	 12,657	 463,945
Total Net Position, Beginning of Year	<u>885,105</u>	<u>42,798</u>	<u>927,903</u>
Total Net Position, End of Year	<u>\$ 1,336,393</u>	<u>55,455</u>	<u>\$ 1,391,848</u>

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

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Food Service</u>	<u>Other Non Major Enterprise Funds</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,061,029	\$ 75,353	\$ 1,136,382
Cash Payments for Employees' Salaries and Benefits	(1,749,986)	(55,895)	(1,805,881)
Cash Payments to Suppliers for Goods and Services	<u>(2,493,349)</u>	<u>(6,801)</u>	<u>(2,500,150)</u>
Net Cash Provided by (Used by) Operating Activities	<u>(3,182,306)</u>	<u>12,657</u>	<u>(3,169,649)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Local, State and Federal Subsidy Reimbursements	3,429,324		3,429,324
Cash Payments to Other Funds	<u>(382,623)</u>	<u>-</u>	<u>(382,623)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>3,046,701</u>	<u>-</u>	<u>3,046,701</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	<u>(125,997)</u>	<u>-</u>	<u>(125,997)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(125,997)</u>	<u>-</u>	<u>(125,997)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>2,515</u>	<u>-</u>	<u>2,515</u>
Net Cash Provided by Investing Activities	<u>2,515</u>	<u>-</u>	<u>2,515</u>
Net Increase in Cash and Cash Equivalents	(259,087)	12,657	(246,430)
Cash and Cash Equivalents, Beginning of Year	<u>866,573</u>	<u>42,798</u>	<u>909,371</u>
Cash and Cash Equivalents, End of Year	<u>\$ 607,486</u>	<u>\$ 55,455</u>	<u>\$ 662,941</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES			
Operating (Loss)	\$ (3,512,926)	\$ 12,657	\$ (3,500,269)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities			
Depreciation	62,736		62,736
Food Distribution Program- Non Cash Assistance	334,776		334,776
Change in Assets and Liabilities			
(Increase)/Decrease in Other Accounts Receivable	(103,132)		(103,132)
Increase/(Decrease) in Accounts Payable	32,339		32,339
Increase/(Decrease) in Unearned Revenue	17,748		17,748
Increase/(Decrease) in Deferred Commodities Revenue	9,024		9,024
(Increase)/Decrease in Inventory	<u>(22,871)</u>	<u>-</u>	<u>(22,871)</u>
Total Adjustments	<u>330,620</u>	<u>-</u>	<u>330,620</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ (3,182,306)</u>	<u>\$ 12,657</u>	<u>\$ (3,169,649)</u>
NON CASH INVESTING, INVESTING CAPITAL AND FINANCING ACTIVITIES VALUE RECEIVE - FOOD DISTRIBUTION PROGRAM			
	\$ 343,800		

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, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 436,966	\$ 52,184	\$ 854,098
Total Assets	<u>436,966</u>	<u>52,184</u>	<u>\$ 854,098</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 298,559
Due to Other Funds			1,148
Due to Student Groups			538,867
Intergovernmental Payable	<u>231,569</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>231,569</u>	<u>-</u>	<u>\$ 854,098</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 205,397</u>	<u>\$ 52,184</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, 2020**

	Unemployment Compensation <u>Trust</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Employees	\$ 383,249	
Investment Earnings		
Interest	<u>2,853</u>	<u>-</u>
Total Additions	<u>386,102</u>	<u>-</u>
DEDUCTIONS		
Scholarship Awards		\$ 4,000
Unemployment Claims and Contributions	<u>375,825</u>	<u>-</u>
Total Deductions	<u>375,825</u>	<u>4,000</u>
Change in Net Position	10,277	(4,000)
Net Position, Beginning of the Year	<u>195,120</u>	<u>56,184</u>
Net Position, End of the Year	<u>\$ 205,397</u>	<u>\$ 52,184</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, 2020**

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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Pre-Kindergarten through grade twelve (12) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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 school 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

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Fund Financial Statements

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

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

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

Additionally, the District reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

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

Reclassifications

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

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

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

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or 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

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

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. The first 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 type of 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 inventory 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 vacation and sick leave benefits. A long-term liability of accumulated vacation 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 vacation 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.

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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 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 2C).

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 2020/2021 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 2D).

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 2020/2021 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

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 2020/2021 District budget certified for taxes.

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

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

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

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

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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. On December 12, 2019, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law, therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$6,132,519. The increase was funded by the additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$903,043 in the General Fund and \$400,646 in the Special Revenue Fund as of June 30, 2020 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 2019/2020 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 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 deficits in the GAAP (fund) financial statements of \$903,043 in the General Fund and \$400,646 in the Special Revenue Fund are equal to or less than the delayed state aid payments at June 30, 2020.

C. 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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$ 10,434,663
Increased by:		
Interest Earnings	\$ 66,380	
Unexpended Capital Outlay Balances	1,253,792	
Unexpended Capital Projects	1,124,916	
Deposits Approved by Board Resolution	<u>292,605</u>	
		<u>2,737,693</u>
		13,172,356
Decreased by:		
Withdrawals Approved by Board Resolution		<u>6,515,250</u>
Balance, June 30, 2020		<u>\$ 6,657,106</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. \$1,979,246 of the capital reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

D. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, June 30, 2019		\$ 1,253,000
Increased by:		
Interest Earnings	\$ 25,708	
Deposits Approved by Board Resolution	<u>750,000</u>	
		<u>775,708</u>
		2,028,708
Decreased by:		
Withdrawals Approved in District Budget		<u>750,000</u>
Balance, June 30, 2020		<u>\$ 1,278,708</u>

The June 30, 2020 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. \$1,259,000 of the maintenance reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

E. 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 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, 2020 is \$1,800,000. Of this amount, \$1,800,000 will be appropriated in the 2021/2022 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.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$13,321,193 and bank and brokerage firm balances of the Board's deposits amounted to \$17,835,810. 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>17,835,810</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, 2020 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.

As of June 30, 2020, the Board had no outstanding investments.

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

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

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

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

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2020 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>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 31,516	\$ 11,000	\$ 356,724	\$ 399,240
Intergovernmental				
Federal		\$ 2,606,346	412,543	3,018,889
State	936,607		13,581	950,188
Local	<u>264,342</u>	<u>65,864</u>	<u>-</u>	<u>330,206</u>
Net Total Receivables	<u>\$ 1,232,465</u>	<u>\$ 2,683,210</u>	<u>\$ 782,848</u>	<u>\$ 4,698,523</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	<u>\$ 131,977</u>
 Total Unearned Revenues for Governmental Funds	 <u>\$ 131,977</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance, July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance, June 30, 2020</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 8,374,289				\$ 8,374,289
Construction in Progress	<u>2,577,917</u>	<u>-</u>	<u>-</u>	<u>\$ (836,207)</u>	<u>1,741,710</u>
Total Capital Assets, Not Being Depreciated	<u>10,952,206</u>	<u>-</u>	<u>-</u>	<u>(836,207)</u>	<u>10,115,999</u>
Capital Assets, Being Depreciated:					
Land Improvements	3,608,245	\$ 11,040			3,619,285
Building and Building Improvements	118,843,429	6,432,560		836,207	126,112,196
Machinery and Equipment	<u>9,724,487</u>	<u>850,476</u>	<u>\$ (411,837)</u>	<u>-</u>	<u>10,163,126</u>
Total Capital Assets Being Depreciated	<u>132,176,161</u>	<u>7,294,076</u>	<u>(411,837)</u>	<u>836,207</u>	<u>139,894,607</u>
Less Accumulated Depreciation for:					
Land Improvements	(1,550,815)	(136,188)			(1,687,003)
Building and Building Improvements	(67,712,777)	(4,469,691)			(72,182,468)
Machinery and Equipment	<u>(7,111,722)</u>	<u>(634,276)</u>	<u>411,837</u>	<u>-</u>	<u>(7,334,161)</u>
Total Accumulated Depreciation	<u>(76,375,314)</u>	<u>(5,240,155)</u>	<u>411,837</u>	<u>-</u>	<u>(81,203,632)</u>
Total Capital Assets, Being Depreciated, Net	<u>55,800,847</u>	<u>2,053,921</u>	<u>-</u>	<u>836,207</u>	<u>58,690,975</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,753,053</u>	<u>\$ 2,053,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,806,974</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 1,099,318	\$ 125,997	\$ -	\$ 1,225,315
Total Capital Assets Being Depreciated	<u>1,099,318</u>	<u>125,997</u>	<u>-</u>	<u>1,225,315</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(798,330)</u>	<u>(62,736)</u>	<u>-</u>	<u>(861,066)</u>
Total Accumulated Depreciation	<u>(798,330)</u>	<u>(62,736)</u>	<u>-</u>	<u>(861,066)</u>
Total Capital Assets, Being Depreciated, Net	<u>300,988</u>	<u>63,261</u>	<u>-</u>	<u>364,249</u>
Business-Type Activities Capital Assets, Net	<u>\$ 300,988</u>	<u>\$ 63,261</u>	<u>\$ -</u>	<u>\$ 364,249</u>

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

Governmental activities:	
Instruction	
Regular	\$ <u>93,579</u>
Total Instruction	<u>93,579</u>
Support Services	
Student and instruction related services	109,621
General administration services	22,160
School administration services	11,095
Operations and maintenance of plant	4,653,883
Student transportation	348,883
Central Services	<u>934</u>
Total Support Services	<u>5,146,576</u>
Total depreciation expense - governmental activities	<u>\$ 5,240,155</u>
Business-type activities:	
Food Service Fund	<u>\$ 62,736</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020:

<u>Project</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Electrical Upgrades at School #1 and School #5	\$ 311,835	\$ 178,922
Security Camera - Administration Building	64,219	64,219
Boiler Replacement at School #1	486,080	<u>64,920</u>
		<u>\$ 308,061</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 1,430,809
Special Revenue	General Fund	12
General Fund	Capital Projects Fund	1,153,776
General Fund	Food Service Fund	309,630
General Fund	Payroll Agency	<u>1,148</u>
Total		<u>\$ 2,895,375</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, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

	Transfer In:		
	Special Revenue <u>Fund</u>	General Fund <u>Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 1,651,498		\$ 1,651,498
Capital Projects Fund	<u>-</u>	\$ 1,124,916	<u>1,124,916</u>
Total transfers out	<u>\$ 1,651,498</u>	<u>\$ 1,124,916</u>	<u>\$ 2,776,414</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2020 were \$295,695. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	Governmental <u>Activities</u>
2021	\$ 295,695
2022	295,695
2023	295,695
2024	<u>49,282</u>
Total	<u>\$ 936,367</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Note: Other than Certificates of Participation)

The District is leasing student transportation buses, CEO lighting project and phone system totaling \$3,762,267 under capital leases. The leases are for terms of 5 years.

The unexpended proceeds from capital leases in the amount of \$139,817 at June 30, 2020 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2021	\$ 619,345
2022	521,702
2023	579,864
2024	<u>289,083</u>
Total minimum lease payments	2,009,994
Less: amount representing interest	<u>136,680</u>
Present value of minimum lease payments	<u>\$ 1,873,314</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or 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, 2020 are comprised of the following issues:

\$7,410,000, 2013 Refunding Bonds, due in an annual installment of \$770,000 to \$810,000 through March 1, 2025 interest at 4.00%	<u>\$ 3,985,000</u>
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**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 810,000	\$ 159,400	\$ 969,400
2022	805,000	127,000	932,000
2023	800,000	94,800	894,800
2024	800,000	62,800	862,800
2025	<u>770,000</u>	<u>30,800</u>	<u>800,800</u>
	<u>\$ 3,985,000</u>	<u>\$ 474,800</u>	<u>\$ 4,459,800</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 404,835,649
Less: Net Debt	<u>3,985,000</u>
Remaining Borrowing Power	<u>\$ 400,850,649</u>

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020, was as follows:

	Balance, <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2020</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 4,770,000		\$ 785,000	\$ 3,985,000	\$ 810,000
Deferred Amounts					
Add: Original Issue Premium	<u>237,438</u>	<u>-</u>	<u>68,064</u>	<u>169,374</u>	<u>-</u>
Total Bonds Payable	5,007,438	-	853,064	4,154,374	810,000
Capital Leases	1,327,171	\$ 1,254,791	708,648	1,873,314	571,765
Compensated Absences	4,488,998	541,183		5,030,181	
Net Pension Liability	<u>34,286,459</u>	<u>-</u>	<u>4,073,891</u>	<u>30,212,568</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 45,110,066</u>	<u>\$ 1,795,974</u>	<u>\$ 5,635,603</u>	<u>\$ 41,270,437</u>	<u>\$ 1,381,765</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Pooled Insurance Program of New Jersey (PIPNJ or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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 funds, 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 funds 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, 2020**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

PIPNJ provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance Group 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>
2020	\$ -	\$ 383,249	\$ 375,825	\$ 205,397
2019		275,809	248,991	195,120
2018		266,103	214,749	165,610

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, 2020, 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, 2020, 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, 2020**

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, 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.

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.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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.

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. 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, 2020**

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, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 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 2020.

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, 2020 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 the 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 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 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 unfunded 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>
2020	\$ 1,630,996	\$ 15,476,424	\$ 143,673
2019	1,732,088	13,776,177	102,175
2018	1,648,302	10,251,807	95,201

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$6,139, \$7,373 and \$21,239, respectively for PERS and the State contributed \$15,727, \$17,742 and \$20,297, 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 \$5,513,654 during the fiscal year ended June 30, 2020 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, 2018 through June 30, 2019. 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$30,212,568 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was 0.16767 percent, which was a decrease of 0.00646 percent from its proportionate share measured as of June 30, 2018 of 0.17413 percent.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$809,511 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, 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	\$ 542,276	\$ 133,466
Changes of Assumptions	3,016,836	10,486,687
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		476,917
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>212,158</u>	<u>2,414,984</u>
Total	<u>\$ 3,771,270</u>	<u>\$ 13,512,054</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (1,373,970)
2022	(3,591,797)
2023	(3,082,658)
2024	(1,522,891)
2025	(169,468)
Thereafter	<u>-</u>
	<u>\$ (9,740,784)</u>

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019) 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 rates 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 PERS's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 6.28%, 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 38,163,383</u>	<u>\$ 30,212,568</u>	<u>\$ 23,512,880</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District’s net pension liability at June 30, 2019 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, 2020**

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 measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$24,835,216 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, 2020 the State's proportionate share of the net pension liability attributable to the District is \$421,059,514. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was 0.68608 percent, which was an increase of 0.00643 percent from its proportionate share measured as of June 30, 2018 of 0.67965 percent.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019) 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 TPAF's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 496,522,362</u>	<u>\$ 421,059,514</u>	<u>\$ 358,449,179</u>

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 for the fiscal year ended June 30, 2019. 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, 2020**

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, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>364,943</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, 2019 is \$41.7 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, 2018 which were rolled forward to June 30, 2019.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 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 \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an 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. over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$5,741,470, \$6,248,851 and \$6,612,425, 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, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$6,853,150. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$251,574,607. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was 0.60288 percent, which was an increase of 0.01147 percent from its proportionate share measured as of June 30, 2018 of 0.59140 percent.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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 2.00% as of June 30, 2019.

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>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Balance, June 30, 2018 Measurement Date	\$ 272,700,846
Changes Recognized for the Fiscal Year:	
Service Cost	10,833,933
Interest on the Total OPEB Liability	10,829,170
Differences Between Expected and Actual Experience	(39,046,669)
Changes of Assumptions	3,750,998
Gross Benefit Payments	(7,722,590)
Contributions from the Member	228,919
Net Changes	\$ (21,126,239)
Balance, June 30, 2019 Measurement Date	\$ 251,574,607

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 297,209,026	\$ 251,574,607	\$ 215,325,126

**CLIFTON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	<u>\$ 207,286,263</u>	<u>\$ 251,574,607</u>	<u>\$ 310,203,281</u>

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

F. Tax Abatements

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

For the year ended December 31, 2019, the City provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the “LTTE Law”), the Five-Year Exemption and Abatement Law (the “FYEA”) and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

F. Tax Abatements (Continued)

- The Long Term Tax Exemption Law (NJSA 40A:20 et. seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being “in need of redevelopment”. These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area “in need of redevelopment”. Upon adopting the planning board’s recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) to the municipality in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project.
- 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 Clifton Board of Education, the District’s chare of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

**CLIFTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

NOTE 6 SUBSEQUENT EVENTS

On January 21, 2021, the Board approved a resolution that a bond proposal will be submitted for voter approval at the Annual School Election to be held on April 20, 2021. The form of the proposal and question to be submitted to the voters will read substantially as follows with such changes and to request the County Clerk to submit the proposal to the voters at the annual school election schedule for April 20, 2021 bond counsel may require:

Bond Proposal Question

The Board of Education of the City of Clifton in the County of Passaic, New Jersey is authorized: (a) to provide for additions, renovations, alterations and improvements at School #1, School #2, School #3, School #4, School #5, School #8, School #9, School #11, School #12, School #13, School #14, School #15, School #16, School #17, the Clifton Administration Building, Clifton High School, Columbus Middle School, Wilson Middle School and the Early Learning Academy, including fixtures, furnishings, equipment, site work and related work; (b) to appropriate \$168,282,735 for such purposes and (c) to issue bonds of the school district in the principal amount of \$168,282,735.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 134,259,260		\$ 134,259,260	\$ 134,259,260	
Interest Earned on Maintenance Reserve	1,000		1,000	25,708	
Interest Earned on Capital Reserve	7,000		7,000	66,380	\$ 59,380
Tuition	-		200,000	657,232	457,232
Miscellaneous	850,000	-	650,000	1,151,150	501,150
Sub-Total Local Sources	135,117,260	-	135,117,260	136,159,730	1,017,762
State Sources					
Special Education Aid	7,350,637		7,350,637	7,350,637	-
Equalization Aid	26,203,933		26,203,933	26,203,933	
Security Aid	3,571,640		3,571,640	3,571,640	-
Transportation Aid	3,020,309		3,020,309	3,020,309	-
Extraordinary Aid	700,000		700,000	654,015	(45,985)
Nonpublic Transportation Aid				5,318	5,318
On-behalf TPAF Pension Contrib. (Non-budgeted)					
Normal				15,203,911	15,203,911
NCGI				272,513	272,513
Post-Retirement Medical Contribution				5,741,470	5,741,470
Long-Term Disability Insurance				15,727	15,727
Reimbursed TPAF Social Security Contr. (Non-budgeted)	-	-	-	5,513,654	5,513,654
Sub-Total State Sources	40,846,519	-	40,846,519	67,553,127	26,706,608
Federal Sources					
Medicaid Reimbursement	301,984	-	301,984	427,361	125,377
Sub-Total Federal Sources	301,984	-	301,984	427,361	125,377
Total Revenues	176,265,763	-	176,265,763	204,140,218	27,849,747
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	2,529,316	\$ (33,500)	2,495,816	2,295,825	199,991
Grades 1-5	16,634,922	(99,000)	16,535,922	16,538,031	(2,109)
Grades 6-8	11,573,251	(105,000)	11,468,251	11,295,402	172,849
Grades 9-12	13,693,431	(501,017)	13,192,414	12,874,633	317,781
Regular Programs - Home Instruction					
Salaries of Teachers	90,000	97,500	187,500	150,764	36,736
Purchased Professional-Educational Services	90,000	(45,500)	44,500	44,014	486
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	257,400	-	257,400	107,646	149,754
Purchased Technical Services	579,264	-	579,264	417,042	162,222
Other Purchased Services	5,000	-	5,000	3,073	1,927
General Supplies	3,594,984	530,156	4,125,140	3,420,232	704,908
Textbooks	643,805	(225,000)	418,805	363,620	55,185
Other Objects	-	139	139	139	-
Total Regular Programs	49,691,373	(381,222)	49,310,151	47,510,421	1,799,730
Special Education					
Cognitive - Moderate					
Salaries of Teachers	168,140	-	168,140	164,481	3,659
Other Purchased Services	1,500	500	2,000	1,936	64
General Supplies	650	1,445	2,095	2,090	5
Textbooks	200	-	200	-	200
Total Cognitive - Moderate	170,490	1,945	172,435	168,507	3,928

CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	\$ 2,895,642	\$ (313,648)	\$ 2,581,994	\$ 2,404,044	\$ 177,950
Other Salaries for Instruction	896,057	-	896,057	827,719	68,338
General Supplies	9,150	-	9,150	7,172	1,978
Textbooks	2,750	-	2,750	-	2,750
Total Learning/Language Disabilities	<u>3,803,599</u>	<u>(313,648)</u>	<u>3,489,951</u>	<u>3,238,935</u>	<u>251,016</u>
Behavioral Disabilities					
Salaries of Teachers	545,901	20,000	565,901	375,975	189,926
Other Salaries for Instruction	250,706	(65,400)	185,306	162,720	22,586
Other Purchased Services	1,250	400	1,650	1,269	381
General Supplies	2,700	865	3,565	3,334	231
Total Behavioral Disabilities	<u>800,557</u>	<u>(44,135)</u>	<u>756,422</u>	<u>543,298</u>	<u>213,124</u>
Multiple Disabilities					
Salaries of Teachers	758,704	76,000	834,704	700,409	134,295
Other Purchased Services	500	269	769	602	167
General Supplies	950	490	1,440	1,438	2
Total Multiple Disabilities	<u>760,154</u>	<u>76,759</u>	<u>836,913</u>	<u>702,449</u>	<u>134,464</u>
Resource Room/Resource Center					
Salaries of Teachers	6,659,651	422,000	7,081,651	7,079,264	2,387
General Supplies	8,000	-	8,000	7,571	429
Total Resource Room/Resource Center	<u>6,667,651</u>	<u>422,000</u>	<u>7,089,651</u>	<u>7,086,835</u>	<u>2,816</u>
Autism					
Salaries of Teachers	396,505	175,000	571,505	523,658	47,847
Other Salaries for Instruction	354,453	-	354,453	290,716	63,737
General Supplies	6,000	-	6,000	4,784	1,216
Total Autism	<u>756,958</u>	<u>175,000</u>	<u>931,958</u>	<u>819,158</u>	<u>112,800</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	-	39,339	39,339	-	39,339
Total Preschool Handicapped - Part - Time	<u>-</u>	<u>39,339</u>	<u>39,339</u>	<u>-</u>	<u>39,339</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	-	37,011	37,011	-	37,011
Total Preschool Handicapped - Full - Time	<u>-</u>	<u>37,011</u>	<u>37,011</u>	<u>-</u>	<u>37,011</u>
Preschool Expansion					
Purchased Professional Educational Services	-	106,000	106,000	74,575	31,425
Total Home Instruction	<u>-</u>	<u>106,000</u>	<u>106,000</u>	<u>74,575</u>	<u>31,425</u>
Home Instruction					
Salaries of Teachers	4,000	(4,000)	-	-	-
Purchased Professional Educational Services	40,000	(40,000)	-	-	-
Total Home Instruction	<u>44,000</u>	<u>(44,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education	<u>13,003,409</u>	<u>456,271</u>	<u>13,459,680</u>	<u>12,633,757</u>	<u>825,923</u>
Basic Skills/Remedial					
Salaries of Teachers	2,512,833	(112,500)	2,400,333	2,266,733	133,600
General Supplies	5,815	2,590	8,405	8,185	220
Total Basic Skills/Remedial	<u>2,518,648</u>	<u>(109,910)</u>	<u>2,408,738</u>	<u>2,274,918</u>	<u>133,820</u>

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 2,645,134	\$ 67,500	\$ 2,712,634	\$ 2,710,194	\$ 2,440
Other Salaries for Instruction	206,177	-	206,177	193,083	13,094
Purchased Professional/Educational Services	13,500	-	13,500	2,054	11,446
General Supplies	40,000	-	40,000	15,482	24,518
Textbooks	27,000	-	27,000	4,340	22,660
Total Bilingual Education	2,931,811	67,500	2,999,311	2,925,153	74,158
School Sponsored Co-Curricular Activities					
Salaries	364,762	43,722	408,484	408,131	353
Purchased Professional and Technical Services	-	4,778	4,778	4,778	-
Purchased Services	124,595	-	124,595	101,213	23,382
Supplies and Materials	6,000	-	6,000	928	-
Other Objects	26,850	-	26,850	615	26,235
Total School Sponsored Co-Curricular Activities	522,207	48,500	570,707	515,665	49,970
School Sponsored Athletics					
Salaries	935,875	(48,500)	887,375	882,166	5,209
Purchased Services	77,750	-	77,750	61,922	15,828
Supplies and Materials	130,000	-	130,000	123,572	6,428
Other Objects	178,500	(40,000)	138,500	85,872	52,628
Transfers to Cover Deficit	-	40,000	40,000	40,000	-
Total School Sponsored Athletics	1,322,125	(48,500)	1,273,625	1,193,532	80,093
Total - Instruction	69,989,573	32,639	70,022,212	67,053,446	2,963,694
Undistributed Expenditures					
Instruction					
Tuition Other LEA's Within the State - Regular	166,674	(46,808)	119,866	114,454	5,412
Tuition Other LEA's Within the State - Special	73,755	32,650	106,405	106,255	150
Tuition to County Vocational School - Regular	7,838,336	29,049	7,867,385	7,867,362	23
Tuition to County Vocational School - Special	75,316	37,658	112,974	112,974	-
Tuition to CSSD & Regional Day Schools	1,009,945	359,996	1,369,941	1,289,662	80,279
Tuition for Private Schools for the Disabled - Within State	5,532,319	392,040	5,924,359	5,713,766	210,593
Tuition- State Facilities	120,386	-	120,386	120,386	-
Tuition - Other	-	51,792	51,792	51,792	-
Total Undistributed Expenditures - Instruction	14,816,731	856,377	15,673,108	15,376,651	296,457
Attendance and Social Work Services					
Salaries	290,108	9,670	299,778	296,952	2,826
Purchased Professional/Technical Services	45,500	(9,670)	35,830	23,304	12,526
Supplies and Materials	5,850	-	5,850	2,773	3,077
Total Attendance and Social Work Services	341,458	-	341,458	323,029	18,429
Health Services					
Salaries	1,931,884	-	1,931,884	1,770,353	161,531
Purchased Professional and Technical Services	62,500	-	62,500	57,924	4,576
Other Purchased Services	8,500	-	8,500	6,304	2,196
Supplies and Materials	31,000	1,500	32,500	32,064	436
Total Health Services	2,033,884	1,500	2,035,384	1,866,645	168,739

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Speech OT/PT and Related Services					
Salaries	\$ 2,378,390	\$ (18,000)	\$ 2,360,390	\$ 2,348,983	\$ 11,407
Purchased Professional- Educational Services	125,000	184,650	309,650	309,572	78
Supplies and Materials	6,500	250	6,750	6,691	59
Other Objects	-	100	100	96	4
Total Speech, OT/PT & Related Serv.	<u>2,509,890</u>	<u>167,000</u>	<u>2,676,890</u>	<u>2,665,342</u>	<u>11,548</u>
Other Support Services - Students Extra Serv.					
Salaries	3,345,746	16,100	3,361,846	3,361,571	275
Purchased Professional/Educational Services	1,450,020	(8,250)	1,441,770	1,361,048	80,722
Supplies and Materials	800	-	800	-	800
Other Objects	5,000	-	5,000	693	4,307
Total Other Support Serv. - Students Extra Serv.	<u>4,801,566</u>	<u>7,850</u>	<u>4,809,416</u>	<u>4,723,312</u>	<u>86,104</u>
Guidance					
Salaries of Other Professional Staff	2,807,562	1	2,807,563	2,721,616	85,947
Salaries of Secretarial and Clerical Staff	368,050	(1)	368,049	367,888	161
Other Salaries	32,500	-	32,500	20,997	11,503
Purchased Professional/Educational Services	-	1,893	1,893	1,893	-
Other Purchased Professional/Technical Services	28,000	-	28,000	23,498	4,502
Other Purchased Services	6,000	-	6,000	1,545	4,455
Supplies and Materials	17,000	-	17,000	12,948	4,052
Total Guidance	<u>3,259,112</u>	<u>1,893</u>	<u>3,261,005</u>	<u>3,150,385</u>	<u>110,620</u>
Child Study Teams					
Salaries of Other Professional Staff	3,735,623	(168,250)	3,567,373	3,361,509	205,864
Salaries of Secretarial and Clerical Staff	231,754	-	231,754	231,514	240
Purchased Professional/Educational Services	45,000	7,500	52,500	41,089	11,411
Other Purchased Professional/Technical Services	25,000	-	25,000	12,165	12,835
Miscellaneous Purchased Services	5,500	-	5,500	2,917	2,583
Supplies and Materials	32,000	19,500	51,500	47,470	4,030
Total Child Study Teams	<u>4,074,877</u>	<u>(141,250)</u>	<u>3,933,627</u>	<u>3,696,664</u>	<u>236,963</u>
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	749,682	2,100	751,782	751,613	169
Salaries of Facilitators, Math& Literary Coaches	118,990	37,500	156,490	156,474	-
Purchased Professional/Education Services	121,500	(2,100)	119,400	115,339	4,061
Supplies and Materials	10,000	-	10,000	7,529	2,471
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	<u>1,000,172</u>	<u>37,500</u>	<u>1,037,672</u>	<u>1,030,955</u>	<u>6,701</u>
Educational Media Services/School Library					
Salaries	1,215,521	-	1,215,521	1,167,765	47,756
Salaries of Technology Coordinators	153,617	(36,414)	117,203	77,500	39,703
Purchased Professional/Technical Services	119,900	-	119,900	117,684	2,216
Other Purchased Services	1,000	-	1,000	-	1,000
Supplies and Materials	119,565	52,604	172,169	129,826	42,343
Total Educational Media Services/School Library	<u>1,609,603</u>	<u>16,190</u>	<u>1,625,793</u>	<u>1,492,775</u>	<u>133,018</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	110,000	86,500	196,500	196,184	316
Other Purchased Prof. and Tech. Services	120,000	38,150	158,150	158,068	82
Other Purchased Services	1,000	-	1,000	-	1,000
Total Instructional Staff Training Services	<u>231,000</u>	<u>124,650</u>	<u>355,650</u>	<u>354,252</u>	<u>1,398</u>

CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 739,146	\$ 34,800	\$ 773,946	\$ 773,929	\$ 17
Legal Services	290,000	-	290,000	165,223	124,777
Audit Fees	65,000	64,200	129,200	69,017	60,183
Other Purchased Professional Services	175,000	16,455	191,455	92,340	99,115
Purchased Technical Services	116,500	-	116,500	109,273	7,227
Communications/Telephone	412,500	38,900	451,400	359,970	91,430
BOE Other Purchased Services	8,000	-	8,000	7,195	805
Misc. Purchased Services	855,095	(3,366)	851,729	847,266	4,463
General Supplies	9,500	19,950	29,450	29,413	37
BOE In-House Training/Meeting Supplies	1,500	-	1,500	625	875
Judgements Against the School Entity	339,316	(178,450)	160,866	57,770	103,096
Miscellaneous Expenditures	7,500	-	7,500	3,696	3,804
BOE Membership Dues and Fees	27,500	4,000	31,500	30,663	837
	<u>3,046,557</u>	<u>(3,511)</u>	<u>3,043,046</u>	<u>2,546,380</u>	<u>496,666</u>
School Administration					
Salaries of Principals/Assistant Principals	3,783,565	180,000	3,963,565	3,963,382	183
Salaries of Other Professional Staff	941,872	41,500	983,372	1,028,285	(44,913)
Salaries of Secretarial and Clerical Assistants	1,326,755	113,000	1,439,755	1,439,516	239
Other Salaries	155,470	2,500	157,970	93,000	64,970
Purchased Professional and Technical Services	140,800	-	140,800	104,088	36,712
Other Purchased Services	20,000	52,500	72,500	40,457	32,043
Supplies and Materials	150,791	-	150,791	123,017	27,774
Other Objects	1,000	-	1,000	-	1,000
	<u>6,520,253</u>	<u>389,500</u>	<u>6,909,753</u>	<u>6,791,745</u>	<u>118,008</u>
Central Services					
Salaries	1,003,139	213,500	1,216,639	1,185,819	30,820
Purchased Technical Services	97,850	(8,200)	89,650	66,229	23,421
Miscellaneous Purchased Services	4,500	-	4,500	1,035	3,465
Supplies and Materials	20,000	8,200	28,200	26,717	1,483
Miscellaneous Expenditures	3,500	-	3,500	2,771	729
	<u>1,128,989</u>	<u>213,500</u>	<u>1,342,489</u>	<u>1,282,571</u>	<u>59,918</u>
Administrative Information Technology					
Salaries	343,988	-	343,988	342,583	1,405
Purchased Technical Services	695,145	(55,500)	639,645	628,126	11,519
Supplies and Materials	64,250	-	64,250	37,050	27,200
	<u>1,103,383</u>	<u>(55,500)</u>	<u>1,047,883</u>	<u>1,007,759</u>	<u>40,124</u>
Required Maintenance for School Facilities					
Salaries	594,814	22,844	617,658	614,951	2,707
Cleaning, Repair and Maintenance Services	660,000	(168,446)	491,554	427,376	64,178
General Supplies	279,000	5,000	284,000	258,750	25,250
	<u>1,533,814</u>	<u>(140,602)</u>	<u>1,393,212</u>	<u>1,301,077</u>	<u>92,135</u>

CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 4,585,218	\$ (87,500)	\$ 4,497,718	\$ 4,444,799	\$ 52,919
Purchased Professional and Technical Services	325,000	352,860	677,860	449,922	227,938
Cleaning, Repair and Maintenance Services	252,200	6,500	258,700	240,938	17,762
Rental of Land/Bldg. Other than Lease Pur.Agrmt.	129,749	-	129,749	128,479	1,270
Other Purchased Property Services	4,000	223,559	227,559	227,559	-
Insurance	165,932	-	165,932	157,907	8,025
Miscellaneous Purchased Services	7,000	-	7,000	6,555	445
General Supplies	427,500	80,000	507,500	505,486	2,014
Energy (Natural Gas)	600,000	(123,000)	477,000	476,852	148
Energy (Electricity)	1,250,000	(151,500)	1,098,500	1,087,209	11,291
Other Objects	25,000	-	25,000	14,125	10,875
Total Custodial Services	7,771,599	300,919	8,072,518	7,739,831	332,687
Care & Upkeep of Grounds					
Salaries	261,275	(23,559)	237,716	215,138	22,578
Cleaning, Repair and Maintenance Services	20,000	21,569	41,569	23,104	18,465
General Supplies	30,000	(875)	29,125	19,552	9,573
Other Objects	-	875	875	875	-
Total Care & Upkeep of Grounds	311,275	(1,990)	309,285	258,669	50,616
Security					
Purchased Professional and Technical Services	100,000	-	100,000	46,708	53,292
Cleaning, Repair and Maintenance Services	50,000	-	50,000	38,481	11,519
General Supplies	50,000	(24,807)	25,193	22,943	2,250
Total Security	200,000	(24,807)	175,193	108,132	67,061
Student Transportation Services					
Salaries of Non-Instructional Aides	1,073,085	(90,000)	983,085	973,306	9,779
Salaries for Pupil Transportation (Between Home and School) - Regular	676,744	158,500	835,244	834,804	440
Salaries for Pupil Transportation (Between Home and School) - Special	670,627	98,500	769,127	768,888	239
Salaries for Pupil Transportation (Other Than Between Home and School)	158,424	(15,000)	143,424	115,578	27,846
Management Fee - ESC & CTSA Transportation	104,039	(12,751)	91,288	80,235	11,053
Other Purchased Professional/Technical Services	28,114	(1,000)	27,114	24,188	2,926
Cleaning, Repair and Maintenance Services	8,000	-	8,000	-	8,000
Lease Purchase Payments - School Buses	368,446	108,751	477,197	477,196	1
Contracted Services-Aid in Lieu of Payments- Non-Public Schools	750,000	(290,000)	460,000	437,477	22,523
Contracted Services (Other than Between Home & School)- Vendors	80,000	19,000	99,000	98,842	158
Contracted Services (Regular Students) - ESCs& CTSA	1,053,369	488,000	1,541,369	1,541,079	290
Contracted Services (Spl. Ed. Students) - ESCs& CTSA	1,893,036	(264,500)	1,628,536	1,628,414	122
Miscellaneous Purchased Services - Transportation	41,000	-	41,000	34,901	6,099
General Supplies	250,573	(5,610)	244,963	238,936	6,027
Transportation Supplies	44,500	-	44,500	28,995	15,505
Total Student Transportation Services	7,199,957	193,890	7,393,847	7,282,839	111,008

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 2,150,000	\$ 6,500	\$ 2,156,500	\$ 2,156,460	\$ 40
Other Retirement Contributions - PERS	1,949,594	(143,673)	1,805,921	1,753,584	52,337
Other Retirement Contributions - Regular		143,673	143,673	143,673	
Workmen's Compensation	631,471	-	631,471	554,660	76,811
Health Benefits	29,423,998	(2,292,133)	27,131,865	26,826,807	305,058
Tuition Reimbursement	70,000	-	70,000	68,026	1,974
Other Employee Benefits	2,900,000	1,308,000	4,208,000	4,149,894	58,106
Total Unallocated Benefits	37,125,063	(977,633)	36,147,430	35,653,104	494,326
Interest - Deposit to Maintenance Reserve	1,000	-	1,000	-	1,000
On-behalf TPAF Pension Contr. (Non-budgeted)					
Normal				15,203,911	(15,203,911)
NCGI				272,513	(272,513)
Post-Retirement Medical Costs				5,741,470	(5,741,470)
Long-Term Disability Insurance				15,727	(15,727)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	5,513,654	(5,513,654)
Total Undistributed Expenditures	100,620,183	965,476	101,585,659	125,399,392	(23,813,749)
Total Current Expenditures	170,609,756	998,115	171,607,871	192,452,838	(20,850,055)
CAPITAL OUTLAY					
Equipment					
Instruction					
Grades 1-5	4,854	26,583	31,437	31,436	1
Grades 6-8	40,279	63,821	104,100	73,910	30,190
Grades 9-12	50,000	43,304	93,304	88,156	5,148
School-Sponsored and Other Instructional Program Undistributed Expenditures	-	-	-	-	-
Instruction		18,999	18,999	18,998	1
Support Services - Students - Regular	6,000	5,669	11,669	11,669	-
Instructional Staff		2,396	2,396	2,396	-
General Administration		38,150	38,150	38,150	-
School Administration	49,422	500	49,922	20,515	29,407
Required Maintenance of School Facilities	76,300	381,892	458,192	132,984	325,208
Non Instructional Equipment					
Lease Purchase Agreement - Principal		-			
Student Transportation Services		128,438	128,438	64,219	64,219
School Buses - Regular	57,500	-	57,500	-	57,500
School Buses - Special	57,500	-	57,500	-	57,500
Total Equipment	341,855	709,752	1,051,607	482,433	569,174
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services	363,000	87,527	450,527	195,041	255,486
Construction Services	6,152,250	671,055	6,823,305	5,489,577	1,333,728
Assessment for Debt Service on SDA Funding	130,701	-	130,701	130,701	-
Total Facilities Acquis. and Const. Services	6,645,951	758,582	7,404,533	5,815,319	1,589,214

**CLIFTON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY (Continued)					
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures					
Student Transportation	-	-	-	\$ 518,375	\$ (518,375)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	518,375	(518,375)
Interest Deposit to Capital Reserve	\$ 7,000	-	\$ 7,000	-	7,000
Total Capital Outlay	6,994,806	\$ 1,468,334	8,463,140	6,816,127	1,647,013
Transfer Funds to Charter School	8,076,553	(1,401,139)	6,675,414	6,652,435	22,979
Total Expenditures	185,681,115	1,065,310	186,746,425	205,921,400	(19,180,063)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,415,352)	(1,065,310)	(10,480,662)	(1,781,182)	8,699,480
Other Financing Sources					
Capital Leases (Non-Budgeted)	-	-	-	518,375	518,375
Transfer In				1,124,916	1,124,916
Transfer Out	(1,651,498)	-	(1,651,498)	(1,651,498)	-
Total Other Financing Sources	(1,651,498)	-	(1,651,498)	(8,207)	1,643,291
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(11,066,850)	(1,065,310)	(12,132,160)	(1,789,389)	10,342,771
Fund Balances, Beginning of Year	20,180,184	-	20,180,184	20,180,184	-
Fund Balances, End of Year	\$ 9,113,334	\$ (1,065,310)	\$ 8,048,024	\$ 18,390,795	\$ 10,342,771
Recapitulation					
Restricted Fund Balance					
Excess Surplus				\$ 1,800,000	
Capital Reserve				4,677,860	
Capital Reserve - Designated for Subsequent Year's Expenditures				1,979,246	
Maintenance Reserve				19,708	
Maintenance Reserve- Designated for Subsequent Year's Expenditures				1,259,000	
Committed Fund Balance					
Year-End Encumbrances				1,320,851	
Assigned Fund Balance					
Year-End Encumbrances				97,056	
Designated for Subsequent Year's Expenditures				3,625,611	
Unassigned Fund Balance					
				3,611,463	
Budgetary Fund Balance					
				18,390,795	
Reconciliation to Governmental Funds statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				4,514,506	
Fund Balances Per Governmental Funds (GAAP)					
				\$ 13,876,289	

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Intergovernmental					
State	\$ 4,658,971	\$ 97,624	\$ 4,756,595	\$ 4,330,916	\$ (425,679)
Federal	6,334,174	4,879,661	11,213,835	7,182,712	(4,031,123)
Local Sources					
Miscellaneous	-	89,924	89,924	31,000	(58,924)
Total Revenues	<u>10,993,145</u>	<u>5,067,209</u>	<u>16,060,354</u>	<u>11,544,628</u>	<u>(4,515,726)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	6,465,764	(1,785,294)	4,680,470	4,532,550	147,920
Other Salaries for Instruction	40,528	460,360	500,888	647,661	(146,773)
Purchased Professional/Technical Services		139,678	139,678	99,627	40,051
Purchased Professional/Educational Services	1,000	62,405	63,405	13,394	50,011
Other Purchased Services	2,318,323	(171,978)	2,146,345	1,648,159	498,186
Tuition		-		-	
General Supplies	13,500	2,448,200	2,461,700	284,548	2,177,152
Other Objects	-	12,160	12,160	5,177	6,983
Total Instruction	<u>8,839,115</u>	<u>1,165,531</u>	<u>10,004,646</u>	<u>7,231,116</u>	<u>2,773,530</u>
Support Services					
Salaries		653,702	653,702	157,008	496,694
Salaries of Supervisors of Instruction	101,072	4,738	105,810	69,495	36,315
Salaries of Principal, Asst. Principals & Directors		18,170	18,170	18,170	-
Salaries of Other Professional Staff	147,139	179,670	326,809	324,237	2,572
Salaries of Secretarial and Clerical Asst.	416,481	(296,982)	119,499	93,383	26,116
Other Salaries	108,839	(29,500)	79,339	72,058	7,281
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists	61,423	59,067	120,490	120,490	-
Salaries of Literacy/Math Coach	159,977	(28,997)	130,980	130,980	-
Salaries of Technology Coordinator		98,829	98,829	98,829	-
Personal Services- Employee Benefits	245,975	1,526,207	1,772,182	1,674,368	97,814
Purchased Professional/Technical Services		55,340	55,340	32,855	22,485
Purchased Prof./Educational Services	2,028,705	511,739	2,540,444	2,465,725	74,719
Purchased Educational Services - Contracted Pre-K		-		-	
Purchased Educational Services - Head Start		-		-	
Other Purchased Professional - Education Services	104,891	615,307	720,198	83,857	636,341
Other Purchased Professional Services		-		-	
Other Purchased Professional and Technical Services		73,023	73,023	69,064	3,959
Cleaning, Repair and Maintenance Services	10,000	-	10,000	5,832	4,168
Rentals	242,000	44,800	286,800	286,550	250
Other Purchased Services		-		-	
Contracted Services (Other Than Between Home and School) - Grant Agreements		-		-	
Travel		4,922	4,922	2,778	2,144
Miscellaneous Purchased Services		-		-	
Supplies and Materials	135,588	405,650	541,238	212,087	329,151
Textbooks	43,438	(6,857)	36,581	34,394	2,187
Other Objects	-	800	800	800	-
Total Support Services	<u>3,805,528</u>	<u>3,889,628</u>	<u>7,695,156</u>	<u>5,952,960</u>	<u>1,742,196</u>
Facilities Acquisition and Construction					
Instructional Equipment		-		-	
Non Instructional Equipment	-	12,050	12,050	12,050	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>12,050</u>	<u>12,050</u>	<u>12,050</u>	<u>-</u>
Total Expenditures	<u>12,644,643</u>	<u>5,067,209</u>	<u>17,711,852</u>	<u>13,196,126</u>	<u>4,515,726</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,651,498)	-	(1,651,498)	(1,651,498)	-
Other Financing Sources/(Uses) Budgeted Transfer from General Fund	1,651,498	-	1,651,498	1,651,498	-
Fund Balances, Beginning of Year	-	-	-	-	-
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, 2020**

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	\$ 204,140,218	C-2	\$ 11,544,628
Difference- Budget to GAAP				
State Aid payments (2018/2019) recognized for GAAP Purposes not recognized for budgetary statements.		3,979,990		83,473
Difference - Budget to GAAP:				
State Aid payments (2019/2020) recognized for budgetary purposes, not recognized for GAAP statements		<u>(4,514,506)</u>		<u>(400,646)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2	<u>203,605,702</u>	B-2	<u>\$ 11,227,455</u>
Uses/outflows of resources				
Actual expenditures (budgetary basis)	C-1	\$ 205,921,400	C-2	\$ 13,196,126
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	<u>\$ 205,921,400</u>	B-2	<u>\$ 13,196,126</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 Seven Fiscal Years ***

	<u>2020</u>	<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)	0.16767 %	0.17413 %	0.17792 %	0.18175 %	0.18600 %	0.17725 %	0.18227 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 30,212,568	\$ 34,286,459	\$ 41,418,521	\$ 53,829,236	\$ 41,754,757	\$ 33,186,220	\$ 34,837,087
District's Covered-Employee Payroll	\$ 11,719,102	\$ 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	258%	292%	343%	443%	334%	264%	287%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	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 Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,630,996	\$ 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>1,630,996</u>	<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	\$ 11,965,656	\$ 11,719,102	\$ 11,733,384	\$ 12,066,823	\$ 12,143,859	\$ 12,507,490	\$ 12,593,399
Contributions as a Percentage of Covered-Employee Payroll	13.63%	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 Seven Fiscal Years ***

	<u>2020</u>	<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	\$ 421,059,514	\$ 432,381,737	\$ 470,122,841	\$ 549,222,947	\$ 429,496,667	\$ 340,101,994	\$ 318,957,104
Total	<u>\$ 421,059,514</u>	<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	\$ 77,028,926	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	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, 2020**

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 Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 10,833,933	\$ 12,544,401	\$ 15,223,842
Interest on Total OPEB Liability	10,829,170	11,822,101	10,155,276
Differences Between Expected and Actual Experience	(39,046,669)	(34,502,853)	-
Changes of Assumptions	3,750,998	(31,293,787)	(42,431,320)
Gross Benefit Payments	(7,722,590)	(7,291,923)	(7,640,998)
Contribution from the Member	<u>228,919</u>	<u>252,021</u>	<u>281,361</u>
Net Change in Total OPEB Liability	(21,126,239)	(48,470,040)	(24,411,839)
Total OPEB Liability - Beginning	<u>272,700,846</u>	<u>321,170,886</u>	<u>345,582,725</u>
Total OPEB Liability - Ending	<u>251,574,607</u>	<u>272,700,846</u>	<u>321,170,886</u>
District's Proportionate Share of OPEB Liability			\$0
State's Proportionate Share of OPEB Liability	<u>251,574,607</u>	<u>272,700,846</u>	<u>321,170,886</u>
Total OPEB Liability - Ending	<u>\$ 251,574,607</u>	<u>\$ 272,700,846</u>	<u>\$ 321,170,886</u>
District's Covered-Employee Payroll	<u>\$ 88,748,028</u>	<u>\$ 85,420,594</u>	<u>\$ 84,047,432</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	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, 2020**

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, 2020

	ESEA Title I	ESEA Title I - Reallocated Current Year	ESEA Title I - Reallocated Prior Year	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									\$ 31,000		\$ 31,000
State Sources									3,969,450	\$ 361,466	4,330,916
Federal Sources	\$ 3,200,381	\$ 11,183	\$ 55,116	\$ 1,200	\$ 480,742	\$ 146,675	\$ 8,780	\$ 134,573	3,144,062	-	7,182,712
Total Revenues	\$ 3,200,381	\$ 11,183	\$ 55,116	\$ 1,200	\$ 480,742	\$ 146,675	\$ 8,780	\$ 134,573	\$ 7,144,512	\$ 361,466	\$ 11,544,628
EXPENDITURES											
Instruction											
Salaries of Teachers	\$ 2,078,723	\$ 11,183	\$ 30,991		\$ 2,170	\$ 133,301	\$ 8,156	\$ 81,340	\$ 2,186,686		\$ 4,532,550
Other Salaries for Instruction					146,780				500,881		647,661
Purchased Professional/Technical Services									99,627		99,627
Purchased Professional/Educational Services	13,394										13,394
Other Purchased Services									1,648,159		1,648,159
Tuition									-		-
General Supplies	3,650		20,879						260,019		284,548
Other Objects	-		-						5,177		5,177
Total Instruction	2,095,767	11,183	51,870	-	148,950	133,301	8,156	81,340	4,700,549	-	7,231,116
Support Services											
Salaries									157,008		157,008
Salaries of Supervisors of Instruction	13,263								56,232		69,495
Salaries of Principal, Asst. Principals & Directors	18,170								-		18,170
Salaries of Other Professional Staff	2,800								321,437		324,237
Salaries of Secretarial and Clerical Asst.	35,729								55,881	\$ 1,773	93,383
Other Salaries									72,058		72,058
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists									120,490		120,490
Salaries of Literacy/Math Coach									130,980		130,980
Salaries of Technology Coordinator					98,829						98,829
Personal Services- Employee Benefits	1,000,088		3,246		184,237	8,356	624	40,108	437,709		1,674,368
Purchased Professional/Technical Services								12,576	20,279		32,855
Purchased Prof/Educational Services	15,594			\$ 1,200	1,119	4,798			2,304,162	138,852	2,465,725
Purchased Educational Services - Contracted Pre-K									-		-
Purchased Educational Services - Head Start									-		-
Other Purchased Professional - Education Services	18,958				47,607	220		549	16,523		83,857
Other Purchased Professional Services									-	69,064	69,064
Other Purchased Professional and Technical Services									5,832		5,832
Cleaning, Repair and Maintenance Services									286,550		286,550
Rentals									-		-
Other Purchased Services									-		-
Contracted Services (Other Than Between Home and School) - Grant Agreements									-		-
Travel	12								2,766		2,778
Miscellaneous Purchased Services									-		-
Supplies and Materials									94,704	117,383	212,087
Textbooks									34,394		34,394
Other Objects									800		800
Total Support Services	1,104,614	-	3,246	1,200	331,792	13,374	624	53,233	4,083,411	361,466	5,952,960
Facilities Acquisition and Construction											
Instructional Equipment									-		-
Non Instructional Equipment									12,050		12,050
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	12,050	-	12,050
Total Expenditures	\$ 3,200,381	\$ 11,183	\$ 55,116	\$ 1,200	\$ 480,742	\$ 146,675	\$ 8,780	\$ 134,573	\$ 8,796,010	\$ 361,466	\$ 13,196,126
Deficiency of Revenues Under Expenditures									(1,651,498)		(1,651,498)
Other Financing Sources/(Uses)											
Budgeted Transfer from General Fund									1,651,498		1,651,498
Fund Balance, Beginning of Year									-		-
Fund Balance, End of Year									\$ -		\$ -

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Local Programs	I.D.E.A.- Part B	I.D.E.A.- Part B- Basic Preschool	Climate Grant	CARES Grant	Twenty-First Century Current Year	Twenty-First Century Prior Year	Preschool Education Aid (PEA)	Carl D. Perkins	Total Exhibit E-1 Page 2
REVENUES										
Local Sources	\$ 31,000									\$ 31,000
State Sources								\$ 3,969,450		3,969,450
Federal Sources	-	\$ 2,429,998	\$ 70,001	\$ 44,952	\$ 232,638	\$ 332,324	\$ 23,099	-	\$ 11,050	3,144,062
Total Revenues	\$ 31,000	\$ 2,429,998	\$ 70,001	\$ 44,952	\$ 232,638	\$ 332,324	\$ 23,099	\$ 3,969,450	\$ 11,050	\$ 7,144,512
EXPENDITURES										
Instruction										
Salaries of Teachers		\$ 173,197				\$ 107,205	\$ 9,568	\$ 1,896,716		\$ 2,186,686
Other Salaries for Instruction		109,416						391,465		500,881
Purchased Professional/Technical Services						99,627		-		99,627
Other Purchased Services		1,578,008	\$ 70,001					150		1,648,159
Tuition		-								-
General Supplies		20,917		\$ 2,278	\$ 181,800	4,430		39,544	\$ 11,050	260,019
Other Objects		-		-	-	5,177		-		5,177
Total Instruction	-	1,881,538	70,001	2,278	181,800	216,439	9,568	2,327,875	11,050	4,700,549
Support Services										
Salaries	\$ 11,000			39,977				106,031		157,008
Salaries of Supervisors of Instruction		3,700				40,430	12,102			56,232
Salaries of Principal, Asst. Principals & Directors										-
Salaries of Other Professional Staff		233,835						87,602		321,437
Salaries of Secretarial and Clerical Asst.						13,870	1,370	40,641		55,881
Other Salaries								72,058		72,058
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists								120,490		120,490
Salaries of Literacy/Math Coach								130,980		130,980
Personal Services- Employee Benefits				2,697		31,541		403,471		437,709
Purchased Professional/Technical Services						20,279				20,279
Purchased Prof./Educational Services		294,030						2,010,132		2,304,162
Purchased Educational Services - Contracted Pre-K										-
Purchased Educational Services - Head Start										-
Other Purchased Professional - Education Services						3,594		12,929		16,523
Other Purchased Professional Services										-
Cleaning, Repair and Maintenance Services								5,832		5,832
Rentals								286,550		286,550
Other Purchased Services										-
Contracted Services (Other Than Between Home and School) - Grant Agreements										-
Travel		898				1,809	59			2,766
Miscellaneous Purchased Services										-
Supplies and Materials	7,950	15,997			50,838	4,362		15,557		94,704
Other Objects								800		800
Total Support Services	18,950	548,460	-	42,674	50,838	115,885	13,531	3,293,073	-	4,083,411
Facilities Acquisition and Construction										
Instructional Equipment										-
Non Instructional Equipment	12,050									12,050
Total Facilities Acquisition and Construction	12,050									12,050
Total Expenditures	\$ 31,000	\$ 2,429,998	\$ 70,001	\$ 44,952	\$ 232,638	\$ 332,324	\$ 23,099	\$ 5,620,948	\$ 11,050	\$ 8,796,010
Deficiency of Revenues Under Expenditures								(1,651,498)		
Other Financing Sources/(Uses)										
Budgeted Transfer from General Fund								1,651,498		
Fund Balance, Beginning of Year										-
Fund Balance, End of Year								\$ -		

CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<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 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	\$ 24,636	\$ 69,064	\$ 34,394	\$ 92,747	\$ 1,773	\$ 113,499	\$ 9,047	\$ 3,590	\$ 12,716	\$ 361,466
Federal Sources	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 24,636</u>	<u>\$ 69,064</u>	<u>\$ 34,394</u>	<u>\$ 92,747</u>	<u>\$ 1,773</u>	<u>\$ 113,499</u>	<u>\$ 9,047</u>	<u>\$ 3,590</u>	<u>\$ 12,716</u>	<u>\$ 361,466</u>
EXPENDITURES										
Instruction										
General Supplies	-	-	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-	-	-
Support Services										
Salaries of Secretarial and Clerical Asst.					\$ 1,773					\$ 1,773
Purchased Prof./Educational Services						113,499	\$ 9,047	\$ 3,590	\$ 12,716	138,852
Other Purchased Professional and Technical Services		\$ 69,064								69,064
Supplies and Materials	\$ 24,636			\$ 92,747						117,383
Textbooks	-	-	\$ 34,394	-	-	-	-	-	-	34,394
Total Support Services	<u>24,636</u>	<u>69,064</u>	<u>34,394</u>	<u>92,747</u>	<u>1,773</u>	<u>113,499</u>	<u>9,047</u>	<u>3,590</u>	<u>12,716</u>	<u>361,466</u>
Total Expenditures	<u>\$ 24,636</u>	<u>\$ 69,064</u>	<u>\$ 34,394</u>	<u>\$ 92,747</u>	<u>\$ 1,773</u>	<u>\$ 113,499</u>	<u>\$ 9,047</u>	<u>\$ 3,590</u>	<u>\$ 12,716</u>	<u>\$ 361,466</u>

**CLIFTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Final To Actual Variance
Instruction					
Salaries of Teachers	\$ 2,027,609	-	\$ 2,027,609	\$ 1,896,716	130,893
Other Salaries for Instruction	463,832	-	463,832	391,465	72,367
Other Purchased Services	-	-	-	150	(150)
General Supplies	13,500	-	13,500	39,544	(26,044)
Total Instruction	2,504,941	-	2,504,941	2,327,875	177,066
Support Services					
Salaries	101,072	-	101,072	106,031	(4,959)
Salaries of Program Directors	-	-	-	-	-
Salaries of Other Professional Staff	147,139	-	147,139	87,602	59,537
Salaries of Secr. and Clerical Assistants	37,890	-	37,890	40,641	(2,751)
Other Salaries	108,839	-	108,839	72,058	36,781
Salaries of Family/Parent Liason	61,423	-	61,423	120,490	(59,067)
Salaries of Facilitators/Master Teachers	159,977	-	159,977	130,980	28,997
Personal Services - Employee Benefits	245,975	-	245,975	403,471	(157,496)
Purchased Ed. Services - Contracted Pre-K	2,016,705	-	2,016,705	2,010,132	6,573
Other Purchased Prof. - Ed. Services	12,000	-	12,000	12,929	(929)
Other Purchased Professional Services	-	-	-	-	-
Cleaning, Repair & Maintenance	10,000	-	10,000	5,832	4,168
Rentals	242,000	-	242,000	286,550	(44,550)
Travel	-	-	-	-	-
Supplies and Materials	10,000	-	10,000	15,557	(5,557)
Other Objects	-	-	-	800	(800)
Total Support Services	3,153,020	-	3,153,020	3,293,073	(140,053)
Total Expenditures	\$ 5,657,961	\$ -	\$ 5,657,961	\$ 5,620,948	\$ 37,013

Calculation of Budget Carryover

Total revised 2019-2020 Preschool Education Aid Allocation	\$ 4,006,463
General Fund Contribution	1,651,498
Total Preschool Ed. Aid Funds Available for 2019-2020 Budget	5,657,961
Add: June 30, 2020 Unexpended Preschool Education Aid	37,013
2019-2020 C/O - Preschool Education Aid Programs	\$ 37,013
2019-2020 Preschool Education Aid Carryover Budgeted in 2020-2021	\$ -

CAPITAL PROJECTS FUND

CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Transfers</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance, June 30, 2020</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	\$ (3,229)	1,636,377		521,395	-
Video/Security Woodrow Wilson and Christopher Columbus Middle School	330,000	3,229	325,023		4,977	-
LED Lighting Project District-Wide 18/19	319,736	-	310,707		9,029	-
Phone System District-Wide 18/19	<u>736,416</u>	<u>-</u>	<u>-</u>	<u>\$ 596,599</u>	<u>-</u>	<u>\$ 139,817</u>
	<u>\$ 7,371,574</u>	<u>\$ -</u>	<u>\$ 4,841,353</u>	<u>\$ 596,599</u>	<u>\$ 1,793,805</u>	<u>\$ 139,817</u>
Project Balances						<u>\$ 139,817</u>
Fund Balance - GAAP Basis						<u>\$ 139,817</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, 2020**

Revenues and Other Financing Sources

Interest	\$ 46
Capital Lease Proceeds	<u>736,416</u>
Total Revenues	<u>736,462</u>

Expenditures and Other Financing Uses

Facilities Acquisition and Construction Services	596,599
Cancellation of Capital Lease Proceeds	9,029
Cancellation of State Sources - SDA Grant	659,860
Transferred to Capital Reserve - Cancellation of Local Share	<u>1,124,916</u>
Total Expenditures and Other Financing Uses	<u>2,390,404</u>

(Deficiency) of Revenues (Under) Expenditures (1,653,942)

Fund Balance, July 1, 2019 - Budgetary Basis 1,793,759

Fund Balance, June 30, 2020 - Budgetary Basis \$ 139,817

Reconciliation of Fund Balance - GAAP Basis

Fund Balance, June 30, 2020 - GAAP Basis \$ 139,817

**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, 2020**

	<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	\$ 716,760	\$ (77,094)	\$ 639,666	\$ 716,760
Local Share- Transfer from Capital Reserve	<u>1,195,640</u>	<u>(236,141)</u>	<u>959,499</u>	<u>1,195,640</u>
Total Revenues and Other Financing Sources	<u>1,912,400</u>	<u>(313,235)</u>	<u>1,599,165</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>\$ (313,235)</u>	<u>\$ -</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 120,500
Revised Authorized Cost \$ 1,912,400

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, 2020**

	<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	\$ (122,816)	\$ 252,184	\$ 375,000
Local Share- Transfer from Capital Reserve	<u>628,500</u>	<u>(240,469)</u>	<u>388,031</u>	<u>628,500</u>
Total Revenues and Other Financing Sources	<u>1,003,500</u>	<u>(363,285)</u>	<u>640,215</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>\$ (363,285)</u>	<u>\$ -</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, 2020**

	<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	\$ (205,554)	\$ 131,946	\$ 337,500
Local Share- Transfer from Capital Reserve	<u>574,250</u>	<u>(376,330)</u>	<u>197,920</u>	<u>574,250</u>
Total Revenues and Other Financing Sources	<u>911,750</u>	<u>(581,884)</u>	<u>329,866</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>\$ (581,884)</u>	<u>\$ -</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, 2020

	<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	\$ 802,509	\$ (246,190)	\$ 556,319	\$ 802,509
Local Share- Transfer from Capital Reserve	<u>1,355,263</u>	<u>(271,976)</u>	<u>1,083,287</u>	<u>1,352,034</u>
Total Revenues and Other Financing Sources	<u>2,157,772</u>	<u>(518,166)</u>	<u>1,639,606</u>	<u>2,154,543</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical services	160,418		160,418	352,127
Facilities Acquisition and Construction Services	1,475,959	-	1,475,959	1,802,416
Transfer to Video Camera Security Upgrade at Woodrow Wilson and Christopher Columbus Middle Schools	<u>-</u>	<u>3,229</u>	<u>3,229</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>1,636,377</u>	<u>3,229</u>	<u>1,639,606</u>	<u>2,154,543</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 521,395</u>	<u>\$ (521,395)</u>	<u>\$ -</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>148,271</u>
Revised Authorized Cost	<u>\$ 2,154,543</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 UPRGRADE AT WOODDROW WILSON AND CHRISTOPHER
COLUMBUS MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 132,000	\$ (8,206)	\$ 123,794	\$ 132,000
Transfer from Window Replacement at School #14, #16 Woodrow Wilson and Christopher Columbus Middle Schools		3,229	3,229	3,229
Local Share- Transfer from Capital Reserve	<u>198,000</u>	<u>-</u>	<u>198,000</u>	<u>198,000</u>
 Total Revenues and Other Financing Sources	 <u>330,000</u>	 <u>(4,977)</u>	 <u>325,023</u>	 <u>333,229</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical services	56,866		56,866	33,000
Facilities Acquisition and Construction Services	<u>268,157</u>	<u>-</u>	<u>268,157</u>	<u>300,229</u>
 Total Expenditures and Other Financing Uses	 <u>325,023</u>	 <u>-</u>	 <u>325,023</u>	 <u>333,229</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 4,977</u>	 <u>\$ (4,977)</u>	 <u>\$ -</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	<u>3,229</u>
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, 2020**

	<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	\$ (9,029)	\$ 307,315	\$ 316,344
Interest	3,346	46	3,392	3,392
	<u>319,690</u>	<u>(8,983)</u>	<u>310,707</u>	<u>319,736</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses				
Facilities Acquisition and Construction Services	<u>310,707</u>	<u>-</u>	<u>310,707</u>	<u>319,736</u>
	<u>310,707</u>	<u>-</u>	<u>310,707</u>	<u>319,736</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 8,983</u>	<u>\$ (8,983)</u>	<u>\$ -</u>	<u>\$ -</u>

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

**CLIFTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
PHONE SYSTEM PROJECT PROJECT DISTRICT-WIDE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ -	\$ 736,416	\$ 736,416	\$ 736,416
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>-</u>	<u>736,416</u>	<u>736,416</u>	<u>736,416</u>
Expenditures and Other Financing Uses				
Facilities Acquisition and Construction Services	-	596,599	596,599	736,416
	<u>-</u>	<u>596,599</u>	<u>596,599</u>	<u>736,416</u>
Total Expenditures and Other Financing Uses	<u>-</u>	<u>596,599</u>	<u>596,599</u>	<u>736,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 139,817</u>	<u>\$ 139,817</u>	<u>\$ -</u>

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	\$ 736,416
Additional Appropriation	-
Revised Authorized Cost	\$ 736,416
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	8/31/2020
Revised Target Completion Date	8/31/2020

PROPRIETARY FUNDS

EXHIBIT G-1

**CLIFTON BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 538,867	\$ 315,231	\$ 854,098
Total Assets	<u>\$ 538,867</u>	<u>\$ 315,231</u>	<u>\$ 854,098</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 298,559	\$ 298,559
Accrued Salaries and Wages		15,524	15,524
Due to Other Funds		1,148	1,148
Due to Student Groups	\$ 538,867	<u>-</u>	<u>538,867</u>
Total Liabilities	<u>\$ 538,867</u>	<u>\$ 315,231</u>	<u>\$ 854,098</u>

**COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	Balance, July 1, <u>2019</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2020</u>
MIDDLE SCHOOLS				
Woodrow Wilson	\$ 30,231	\$ 91,791	\$ 97,515	\$ 24,507
Christopher Columbus	15,651	20,414	24,708	11,357
Total Middle Schools	<u>45,882</u>	<u>112,205</u>	<u>122,223</u>	<u>35,864</u>
HIGH SCHOOL				
Clifton High School	403,950	162,901	142,353	424,498
OTHER				
Internal Account	105,554	81,712	140,622	46,644
Athletic Account	4,916	61,535	43,743	22,708
Athletic Hall of Fame Acct	9,153	-	-	9,153
Total Other	<u>119,623</u>	<u>143,247</u>	<u>184,365</u>	<u>78,505</u>
Total All Schools	<u>\$ 569,455</u>	<u>\$ 418,353</u>	<u>\$ 448,941</u>	<u>\$ 538,867</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance, July 1, <u>2019</u>	Cash <u>Receipt</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2020</u>
Payroll Deductions and Withholdings	\$ 1,163,395	\$ 53,423,085	\$ 54,287,921	\$ 298,559
Accrued Salaries and Wages		64,197,381	64,181,857	15,524
Due (from)/to Other Funds	<u>(102,420)</u>	<u>113,189</u>	<u>9,621</u>	<u>1,148</u>
Total	<u>\$ 1,060,975</u>	<u>\$ 117,733,655</u>	<u>\$ 118,479,399</u>	<u>\$ 315,231</u>

LONG-TERM DEBT

CLIFTON BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<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, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	6/4/2013	\$ 7,410,000	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%	\$ 4,770,000	\$ -	\$ 785,000	\$ 3,985,000
								<u>\$ 4,770,000</u>	<u>\$ -</u>

**CLIFTON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2019</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2020</u>
2015 (2) 54 Passenger, (2) 20 Passenger and (1) 19 Passenger Buses	2.37%	\$ 353,572	\$ 6,226		\$ 6,226	
2016 (3) 24 Passenger and (2) 54 Passenger Buses	2.00%	362,000	73,797		73,797	
2017 (5) 54 Passenger Buses	2.15%	466,200	189,110		93,540	\$ 95,570
2018 (3) 54 Passenger Buses and (3) 24 Passenger Buses	1.74%	485,083	343,413		68,621	274,792
2019 (3) 54 Passenger Buses and (3) 24 Passenger Buses	3.16%	524,277	425,013		101,347	323,666
2019 LED Lighting Project	3.14%	316,344	289,612	-	74,375	215,237
2020 (3) 54 Passenger Buses and (3) 24 Passenger Buses	2.40%	518,375		\$ 518,375	108,268	410,107
2020 Phone System	2.51%	736,416	-	<u>736,416</u>	<u>182,474</u>	<u>553,942</u>
			<u>\$ 1,327,171</u>	<u>\$ 1,254,791</u>	<u>\$ 708,648</u>	<u>\$ 1,873,314</u>

**CLIFTON BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 975,800	-	\$ 975,800	\$ 975,800	-
Total Revenues	<u>975,800</u>	<u>-</u>	<u>975,800</u>	<u>975,800</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	785,000		785,000	785,000	
Interest	<u>190,800</u>	<u>-</u>	<u>190,800</u>	<u>190,800</u>	<u>-</u>
Total Expenditures	<u>975,800</u>	<u>-</u>	<u>975,800</u>	<u>975,800</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,									
	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 62,912,732
Restricted	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	8,075,631
Unrestricted	(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)	(39,537,045)
Total governmental activities net position	\$ 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	\$ 31,451,318
Business-type activities										
Net Investment in Capital Assets	\$ 118,590	\$ 97,993	\$ 215,922	\$ 219,498	\$ 182,189	\$ 149,283	\$ 124,275	\$ 238,609	\$ 300,988	\$ 364,249
Unrestricted	1,058,601	974,466	946,261	796,367	838,892	792,413	768,467	464,110	626,915	1,027,599
Total business-type activities net position	\$ 1,177,191	\$ 1,072,459	\$ 1,162,183	\$ 1,015,865	\$ 1,021,081	\$ 941,696	\$ 892,742	\$ 702,719	\$ 927,903	\$ 1,391,848
District-wide										
Net Investment in capital assets	\$ 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	\$ 63,276,981
Restricted	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	8,075,631
Unrestricted	(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)	(38,509,446)
Total district net position	\$ 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	\$ 32,843,166

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 98,143,128
Special education	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	31,578,844
Other instruction	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	11,928,546
School Sponsored Activities and Athletics	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	2,697,719
Support Services:										
Student & instruction related services	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	35,794,704
Educational Media/School Library	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	2,446,799
School Administrative services	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	11,801,149
General administration	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	2,895,216
Central Services	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	3,299,653
Plant operations and maintenance	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	17,465,497
Pupil transportation	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	8,931,000
Interest on long-term debt	1,010,561	989,666	968,684	873,173	535,980	534,816	468,462	407,088	362,794	343,184
Total governmental activities expenses	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	227,325,439
Business-type activities:										
Food service	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	4,659,339
Other Non Major	242,605	237,165	305,275	430,995	519,929	615,910	589,960	50,074	54,133	62,696
Total business-type activities expense	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	4,722,035
Total district expenses	\$ 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	\$ 232,047,474
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 218,265				\$ 102,656	\$ 288,939	\$ 815,769	\$ 898,803	\$ 1,186,971	\$ 657,232
Support Services (tuition)							25,854			
Operating grants and contributions	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	63,415,271
Capital grants and contributions	68,178	1,587,105	-	-	1,238,641	649,771	64,385	11,808	45,848	12,050
Total governmental activities program revenues	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	64,084,553

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services										
Food service	\$ 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	\$ 1,146,413
Other Non Major	265,266	281,594	348,439	449,785	513,999	496,031	624,330	69,957	76,241	75,353
Operating grants and contributions	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	3,961,699
Total business type activities program revenues	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	5,183,465
Total district program revenues	\$ 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	\$ 69,268,018
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (163,240,886)
Business-type activities	352,657	113,384	88,808	(147,850)	37,787	(80,204)	(51,148)	(198,302)	224,825	461,430
Total district-wide net expense	\$ (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)	\$ (162,779,456)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net and for debt svc	\$ 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	\$ 135,235,060
State Aid restricted for debt service	184,062	181,134	178,050	174,797	170,304	145,357	140,439	39,634		
Unrestricted grants and contributions	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	25,716,578
Miscellaneous income	543,737	1,001,353	2,866,965	1,107,607	811,998	899,379	849,270	1,198,392	1,002,676	1,243,284
Other										(117,378)
Transfers		3,962	-	-	32,836	-	-	-	-	-
Total governmental activities	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	162,077,544
Business-type activities:										
Investment earnings	4,137	1,312	916	1,532	265	819	1,586	1,423	359	2,515
Miscellaneous income							608	6,856		
Transfers		(3,962)	-	-	(32,836)	-	-	-	-	-
Total business-type activities	4,137	(2,650)	916	1,532	(32,571)	819	2,194	8,279	359	2,515
Total district-wide	\$ 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	\$ 162,080,059
Change in Net Position										
Governmental activities	\$ 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)	\$ (1,163,342)
Business-type activities	356,794	110,734	89,724	(146,318)	5,216	(79,385)	(48,954)	(190,023)	225,184	463,945
Total district	\$ 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)	\$ (699,397)

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
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	\$ 9,735,814
Committed						579,811	1,516,704	2,647,302	871,427	1,320,851
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	3,722,667
Unassigned	<u>350,415</u>	<u>(97,438)</u>	<u>(179,677)</u>	<u>(185,926)</u>	<u>(54,937)</u>	<u>130,380</u>	<u>(42,465)</u>	<u>(21,659)</u>	<u>(354,379)</u>	<u>(903,043)</u>
Total general fund	<u>\$ 5,255,269</u>	<u>\$ 11,419,022</u>	<u>\$ 17,256,636</u>	<u>\$ 17,011,625</u>	<u>\$ 12,553,602</u>	<u>\$ 12,309,705</u>	<u>\$ 14,080,595</u>	<u>\$ 17,397,817</u>	<u>\$ 16,200,194</u>	<u>\$ 13,876,289</u>
All Other Governmental Funds										
Restricted	\$ 36,759	\$ 33,413	\$ 33,412	\$ 172,484	\$ 2,192,139	\$ 1,336,745	\$ 1,247,838	\$ 1,233,265	\$ 1,242,248	\$ 139,817
Unassigned									(83,473)	(400,646)
Total all other governmental funds	<u>\$ 36,759</u>	<u>\$ 33,413</u>	<u>\$ 33,412</u>	<u>\$ 172,484</u>	<u>\$ 2,192,139</u>	<u>\$ 1,336,745</u>	<u>\$ 1,247,838</u>	<u>\$ 1,233,265</u>	<u>\$ 1,158,775</u>	<u>\$ (260,829)</u>

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 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	\$ 135,235,060
Tuition charges										
Miscellaneous	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	1,931,516
State sources	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	71,032,354
Federal sources	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	7,610,073
Total revenue	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	215,809,003
Expenditures										
Instruction										
Regular Instruction	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	92,555,162
Special education instruction	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	29,998,600
Other instruction	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	11,276,467
School sponsored activities and athletics	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	2,534,978
Support Services:										
Student & inst. related services	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	33,719,310
Attendance and Social Work	432,272	434,011	-	-	-	-	-	-	-	-
Educational Media/School Library	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	2,289,737
General administration	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	2,921,661
School administrative services	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	10,967,179
Central services	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	3,394,709
Plant operations and maintenance	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	13,142,898
Pupil transportation	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	8,751,221
Capital outlay	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	7,294,076
Debt service:										
Refunding bond issuance costs		58,685	100,366	-	26,068					
Advance Refunding Escrow		61,170	610,495	-						
Principal	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	1,493,648
Interest and other charges	1,114,920	974,132	895,237	805,306	673,270	546,453	475,868	395,954	378,228	350,279
Total expenditures	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	220,689,925
Excess (Deficiency) of revenues over (under) expenditures	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)	(4,880,922)

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing sources (uses)										
Proceeds from borrowing										
Capital leases (non-budgeted)	\$ 390,219	\$ 436,632	\$ 444,870	\$ 1,452,997	\$ 353,572	\$ 362,000	\$ 466,200	\$ 485,083	\$ 840,621	\$ 1,254,791
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)					
Cancellation of Capital Leases										(9,029)
Cancellation of SDA Grant Receivable										(108,349)
Transfers in	159,574	49,824	-	445,000	3,539,489					2,776,414
Transfers out	(159,574)	(45,862)	-	(445,000)	(3,506,653)	-	-	-	-	(2,776,414)
Total other financing sources (uses)	390,219	581,288	1,155,731	1,452,997	412,476	362,000	466,200	485,083	840,621	1,137,413
Net change in fund balances	\$ 4,512,441	\$ 6,160,407	\$ 5,837,613	\$ (105,939)	\$ (2,438,368)	\$ (1,099,291)	\$ 1,681,983	\$ 3,302,649	\$ (1,272,113)	\$ (3,743,509)
Debt service as a percentage of noncapital expenditures	2.62%	2.53%	2.40%	2.49%	2.32%	1.95%	1.87%	1.28%	0.76%	0.86%

* 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
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
2020	300,091	3,837	37,907	303,229		657,232	117,359	480,815	1,900,470

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
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
2020	45,108,800	3,816,479,900	298,500	12,400	797,234,300	527,226,600	141,088,000	5,327,448,500	6,601,563	5,334,050,063	10,598,357,174	2.536

11 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>
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
2020	2.536	1.614	1.343	5.493

Source: County Abstract of Ratables

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

Taxpayer	2020	
	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	0.69%
Clifton Commons, LLC	33,509,800	0.63%
Public Service	32,964,900	0.62%
PB Nutcliff Master/Med LLC	22,417,500	0.42%
Clifton Lifestyle Ctr LLC	21,285,000	0.40%
Styertowne Shopping Center	19,696,500	0.37%
Exelis Inc	19,500,000	0.37%
Country Club Towers II LLC	16,003,100	0.30%
	<u>\$ 290,878,300</u>	<u>5.45%</u>

	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman La Roche	\$ 125,187,100	2.36%
Clifton Commons, LLC	40,841,100	0.77%
Castleton Assoc. LLC	40,501,500	0.76%
Public Service	32,678,500	0.62%
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	19,622,400	0.37%
Clifpass Development	16,686,100	0.31%
Target Corp	15,659,400	0.30%
	<u>\$ 358,806,100</u>	<u>6.77%</u>

Source: Municipal Tax Assessor

**CLIFTON BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	
2020	135,235,060	135,235,060	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			
2011	\$ 22,293,000	\$ 697,037	\$ 22,990,037	84,690	\$ 271
2012	19,591,000	809,147	20,400,147	84,695	241
2013	16,872,000	877,152	17,749,152	84,898	209
2014	14,122,000	1,709,793	15,831,793	85,141	186
2015	11,512,000	1,728,103	13,240,103	85,240	155
2016	9,217,000	1,396,518	10,613,518	85,192	125
2017	6,935,000	1,155,295	8,090,295	85,267	95
2018	5,535,000	933,271	6,468,271	85,251	76
2019	4,770,000	1,327,171	6,097,171	85,052	72
2020	3,985,000	1,873,314	5,858,314	85,052 *	69

Source: District records

* Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	107
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
2020	3,985,000		3,985,000	0.07%	47

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, 2019
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Board of Education	\$ 4,770,000	\$ 4,770,000	
City	<u>116,346,657</u>	<u>29,863,369</u>	<u>\$ 86,483,288</u>
	<u>\$ 121,116,657</u>	<u>\$ 34,633,369</u>	86,483,288
Overlapping Debt Apportioned to the Municipality:			
Passaic County:			
County of Passaic (A)			99,093,036
Passaic County Utilities Authority- Solid Waste (A)			8,908,748
Passaic Valley Sewerage Commission (B)			9,845,946
Passaic Valley Water Commission (C)			14,448,156
North Jersey District Water Supply Commission (B)			<u>993,193</u>
Total Direct and Overlapping Debt			<u>\$ 219,772,367</u>

Source:

(1) City's 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to the City by dividing the municipality's 2019 equalized value by the total 2019 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)**

	June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 404,835,649
Total net debt applicable to limit	<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>	<u>3,985,000</u>
Legal debt margin	<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>	<u>\$ 400,850,649</u>
Total net debt applicable to the limit as a percentage of debt limit	5.22%	4.82%	4.34%	3.70%	3.04%	2.43%	1.83%	1.45%	1.23%	0.98%

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized valuation basis
	2019 \$ 10,775,687,614
	2018 9,952,099,287
	2017 <u>9,634,886,765</u>
	<u>\$ 30,362,673,666</u>
Average equalized valuation of taxable property	\$ 10,120,891,222
Debt limit (4 % of average equalization value)	404,835,649
Total Net Debt Applicable to Limit	<u>3,985,000</u>
Legal debt margin	<u>\$ 400,850,649</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>
2011	84,690	\$ 42,085	7.4%
2012	84,695	42,798	10.1%
2013	84,898	43,383	8.8%
2014	85,141	45,746	6.9%
2015	85,240	47,155	5.8%
2016	85,192	47,770	5.0%
2017	85,267	48,294	4.7%
2018	85,251	50,570	4.2%
2019	85,052	N/A	3.5%
2020	85,052 *	N/A	N/A

Source: New Jersey State Department of Labor and Workforce Development

N/A - Not Available

* Estimate

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

<u>Employer</u>	<u>2020</u>		<u>2011</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2020</u>
Instruction										
Regular	642	665	682	693	703	705	702	705	708	710
Special education	121	131	143	150	152	160	167	172	177	179
Other special education	60	59	146	160	168	177	181	178	210	213
Other instruction	27	24	22	26	23	24	23	21	26	26
Support Services:										
Student & instruction related services	152	162	177	177	186	182	180	181	183	185
General administration	8	7	7	7	7	7	7	7	7	7
School administrative services	73	70	72	77	78	70	68	68	70	70
Central services	15	15	18	18	17	17	16	16	17	17
Administrative Information Technology	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	96	94	94	98	96	98	97	98	98	99
Pupil transportation	47	47	47	47	47	46	46	46	91	91
Other support services	62	72	24	24	24	24	24	24	24	24
Food Service	14	13	10	10	7	7	4	3	2	2
Total	<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>	<u>1,626</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				
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	10,966	10,645	0.17%	97.07%
2020	10,956	211,551,922	19,309	-0.53%	887	13.82	10.30	12.50	10,997	10,675	0.28%	97.07%

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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	32,035
Capacity (students)	209	209	209	209	209	209	209	209	209	209
Enrollment	313	300	307	297	301	308	289	281	280	275
School No. 2 (1930)										
Square Feet	60,660	60,660	60,600	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	339
Enrollment ^a	428	430	419	432	439	436	411	426	421	418
School No. 3 (1931)										
Square Feet	46,335	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	265
Enrollment	275	300	319	312	292	291	298	296	298	299
School No. 4 (1929)										
Square Feet	21,380	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	144
Enrollment	168	157	165	174	168	179	176	170	168	160
School No. 5 (1913)										
Square Feet	49,645	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	313
Enrollment ^a	371	368	376	365	384	382	368	378	374	371
School No. 8 (1926)										
Square Feet	27,830	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	193
Enrollment	221	220	232	226	217	220	233	227	223	220
School No. 9 (1924)										
Square Feet	52,225	52,225	52,225	52,225	52,225	52,225	52,225	52,225	52,225	52,225
Capacity (students)	297	297	297	297	297	297	297	297	297	297
Enrollment	313	333	342	345	325	315	325	335	339	338
School No. 11 (1905)										
Square Feet	56,946	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	353
Enrollment ^a	477	450	461	482	500	471	468	461	460	464
School No. 12 (1910)										
Square Feet	69,969	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	411
Enrollment	610	594	664	668	661	541	574	570	579	581

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<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	52,460
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment ^a	467	463	440	475	462	480	499	484	484	481
School No. 14 (1953)										
Square Feet	39,815	47,915	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	267
Enrollment	322	346	339	332	348	373	399	416	421	406
School No. 15 (1921)										
Square Feet	29,860	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	210
Enrollment	349	347	361	362	364	363	351	344	341	338
School No. 16 (1957)										
Square Feet	37,695	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	257
Enrollment ^a	219	207	214	225	249	217	244	248	248	242
School No. 17 (2004)										
Square Feet	92,312	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	623
Enrollment	552	561	552	593	600	629	622	604	604	600
<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	123,085
Capacity (students)	761	761	761	761	761	761	761	761	761	761
Enrollment	1,134	1,216	1,201	1,173	1,152	1,197	1,225	1,224	1,226	1,197
Woodrow Wilson (1955)										
Square Feet	143,409	143,409	143,409	143,409	143,409	143,409	143,409	143,409	143,409	143,409
Capacity (students)	919	919	919	919	919	919	919	919	919	919
Enrollment	1,383	1,346	1,295	1,263	1,218	1,205	1,187	1,194	1,198	1,179
<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	348,241
Capacity (students)	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337
Enrollment	2,920	3,299	3,235	3,130	2,712	3,001	2,919	2,929	2,962	2,911

Continued

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

	<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>	<u>2020</u>
<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	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	70,000
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	418							225	225	282
Clifton Early Learner Academy - Allwood Road Square Feet						12,995	12,995	12,995	12,995	12,995
Capacity (students)						150	150	150	150	150
Enrollment						110	130	115	115	115
School No. 12 Annex Square Feet						11,000	11,000	11,000	11,000	11,000
Capacity (students)						150	150	150	150	150
Enrollment						120	120	120	121	120
Stadium Square Feet	503,118	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	37,897
Number of Schools at June 30, 2020										
Preschool										2
Elementary										15
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>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>	<u>2020</u>
SCHOOL FACILITIES										
Board of Education Building	\$ 27,053	\$ 36,082	\$ 29,801	\$ 26,843	\$ 21,398	\$ 28,309	\$ 37,528	\$ 44,170	\$ 45,405	\$ 35,893
Clifton Stadium	9,593	12,088	4,845	6,283	1,420	12,655		15,555	9,203	63,075
Transportation	24,657	20,918	28,127	20,164	19,862	26,754	35,555	29,129	43,018	34,006
Clifton High School	244,797	246,740	258,469	222,711	199,160	240,603	326,721	368,996	390,736	254,448
Clifton High School Annex	49,378	40,656	51,734	52,144	37,077	49,418	65,674	77,298	139,716	110,447
Woodrow Wilson Middle School	98,474	90,294	106,304	103,273	97,673	106,352	134,547	142,740	165,822	129,741
Christopher Columbus Middle School	78,121	74,594	92,079	64,681	76,951	86,894	115,478	151,540	36,363	28,746
School No. 1	30,459	20,204	23,676	21,650	30,719	22,616	30,055	35,375	68,856	54,432
School No. 2	37,714	36,972	45,171	40,140	35,699	42,824	56,901	66,964	52,596	41,578
School No. 3	34,318	31,742	35,862	29,390	41,882	32,711	43,471	51,167	24,269	19,185
School No. 4	24,938	13,384	15,801	21,752	18,632	15,094	20,059	23,609	56,353	44,548
School No. 5	35,675	32,441	37,600	29,828	37,791	35,048	46,577	54,822	31,590	24,973
School No. 8	18,283	48,389	20,568	18,718	27,195	19,647	26,110	30,732	59,281	46,863
School No. 9	33,187	35,456	38,597	31,811	28,221	36,869	48,997	57,670	64,640	51,099
School No. 11	38,550	35,100	42,086	34,458	34,960	40,201	53,427	62,883	81,761	63,596
School No. 12	45,418	39,032	51,509	46,535	42,060	54,574	65,436	77,054	59,548	47,074
School No. 12 Annex	-	-	-	-	-	-	-	-	-	-
School No. 13	49,122	39,400	38,771	30,839	27,396	37,035	49,218	57,929	54,389	42,995
School No. 14	24,019	21,246	35,668	27,598	33,094	33,826	44,954	52,911	37,015	27,850
School No. 15	23,255	24,042	22,068	19,564	18,996	29,929	28,015	32,973	42,788	33,825
School No. 16	34,332	31,292	27,859	26,952	21,572	26,611	35,365	41,626	108,038	83,890
School No. 17	79,686	73,022	69,103	76,836	68,007	70,279	86,607	101,937	79,458	62,813
GRAND TOTAL	<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>	<u>\$ 1,301,077</u>

Source: District Records

**CLIFTON BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2020**

	<u>Coverage</u>	<u>Deductible</u>
Package Policy - American Alternative Insurance Company 7/1/2019-2020 GPPAPF6056488-02		
<u>Property and Casualty</u>		
Building & Contents Including Equipment Breakdown	\$ 271,967,323	\$ 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>	Limit	Retention
GPPAPF6056488-02	\$ 9,000,000	\$ 10,000
 <u>Excess Liability- Fireman's Fund</u>	\$ 50,000,000	\$ 10,000
Policy SHX-000-1542-6257		
Underlying Insurance \$10,000,000		
 <u>Excess Liability- Starstone/Markel NJUEP</u>	\$ 30,000,000	
Policy Period 8/1/2019-7/1-2020		
 <u>School Board Legal Liability E&O - Darwin National Assurance</u>	Limit	Deductible
Policy - ELL0950349	\$ 1,000,000	\$ 25,000
Employment Practices Liability	\$ 1,000,000	\$ 75,000
 <u>Public Official Bonds-Hartford Fidelity Bonding</u>		
Michael Ucci - 7/1/2019 - 6/30/2020	\$ 605,000	N/A
Yusein Durakov - Assistant Business Adm 7/1/2019 - 9/23/2019	\$ 10,000	N/A
G. Harriet Schuster - Student Activity Fund Director 07/01/2019-06/30/2020	\$ 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, 2020
(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 8/1/2019-2020	\$ 25,000.00	\$0
Guarantee Trust Life Insurance Company		
Policy Number US563137 8/1/2019-7/31/2020	\$ 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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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, 2020 and the related notes to the financial statements, which collectively comprise the Clifton Board of Education's basic financial statements and have issued our report thereon dated January 21, 2021.

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.

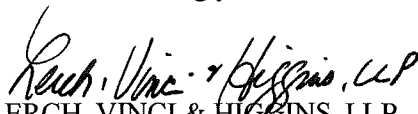
Compliance and Other Matters


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 January 21, 2021.

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 21, 2021



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
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ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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, 2020. 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 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2020-001. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the Clifton Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Clifton Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clifton Board of Education's internal control over compliance.

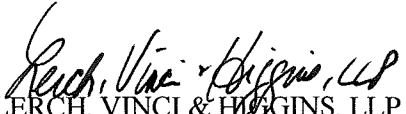
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 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, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 21, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 21, 2021

CLIFTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Table with columns: State/Grantor/Program Title, Grant or State Project Number, Grant Period, Award Amount, Balance July 1, 2019 (Accounts Receivable, Unearned Revenue, Due to Grantor), Carryover Amount, Cash Received, Budgetary Expenditures, Refund of Prior Years' Balances, Adjustment, Balance June 30, 2020 (Account Receivable, Unearned Revenue, Due to Grantor), Memo Only (GAAP Receivable, Cumulative Total Expenditures).

OPT

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, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019			Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2020			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 #1	0900-080-14-G22U															
	0900-030-14-G2LJ	07/1/13-6/30/14	\$ 716,760	\$ (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	(122,816)	118,914					\$ 3,902						
Electrical Upgrades at School #14 and #16	0900-210-14-G2LS															
	0900-190-14-G2LO	07/1/13-6/30/14	337,500	(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	(246,190)	147,958						98,232					
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						6,215					
Total Capital Projects Fund				(659,860)	551,511						108,349					
State Department of Agriculture																
National School Lunch Pgm.(State Share)	20-100-010-3350-023	7/1/19-6/30/20	52,587				\$ 39,006	\$ 52,587				\$ (13,581)		\$ (13,581)	\$ 52,587	
National School Lunch Pgm.(State Share)	19-100-010-3350-023	7/1/18-6/30/19	55,617	(2,380)			2,380									
National School Lunch Pgm.(State Share)	18-100-010-3350-023	7/1/17-6/30/18	57,279	(2,894)						2,894						
Total Enterprise Funds				(5,274)				41,386	52,587		2,894	(13,581)		(13,581)	52,587	
Total State Financial Assistance Subject to Single Audit Determination			\$ (5,177,485)	\$ 551,511	\$ 213,789	\$ -	\$ 71,337,789	\$ 71,936,630	\$ 213,789	\$ 111,243	\$ (5,539,251)	\$ 37,013	\$ 388,666	\$ (572,935)	\$ 71,936,630	
Less On-Behalf TPAF Pension and Annuity Aid																
Normal								15,203,911								
NCGI								272,513								
Long-Term Disability Insurance								15,727								
Post Retirement Medical								5,741,470								
Total State Financial Assistance Subject to Major Program Determination								\$ 50,703,009								

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, 2020**

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 \$534,516 for the general fund and a decrease of \$317,173 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	\$ 427,361	\$ 67,018,611	\$ 67,445,972
Special Revenue Fund	7,182,712	4,013,743	11,196,455
Food Service Fund	<u>3,909,112</u>	<u>52,587</u>	<u>3,961,699</u>
Total Financial Assistance	<u>\$ 11,519,185</u>	<u>\$ 71,084,941</u>	<u>\$ 82,604,126</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, 2020**

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 \$5,513,654 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$15,476,424, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$5,741,470 and TPAF Long-Term Disability Insurance in the amount of \$15,727 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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 payments 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, 2020

Part I - Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

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

Identification of major programs:

Table with 3 columns: CFDA Number(s), FAIN Number, Name of Federal Program or Cluster. Rows include: 84.027 H027A190100 I.D.E.A. Part B, Basic; 84.173 H173A190114 I.D.E.A. Part B, Preschool; 84.010A S010A190030 E.S.E.A, Title I; 10.555 201NJ304N1099 National School Lunch Program; 10.553 201NJ304N1099 School Breakfast Program.

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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? X yes 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>20-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>
<u>20-495-034-5120-044</u>	<u>Extraordinary Aid</u>
<u>20-495-034-5094-003</u>	<u>TPAF Socail Security Aid</u>

**CLIFTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

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

Finding 2020-001

A review of the application for State Extraordinary Aid revealed there were certain costs claimed that did not agree to supporting documentation provided for audit.

Information on the State Program

Extraordinary Aid 495-034-5120-473

Criteria or Specific Requirement

NJ Department of Education – Grant Compliance Supplement

Condition

See Finding 2020-001

Questioned Costs

Unknown.

Context

Certain costs reported for tuition and salaries of aides, did not agree to supporting documentation provided for audit. There were differences noted on six applications reviewed resulting in a net underclaim of \$41,077.

Effect

Costs reported on the Extraordinary Aid application may not accurately reflect the costs related to each student.

Recommendation

Internal control procedures be reviewed and revised to ensure costs are accurately reported on the Application for State Extraordinary Aid.

Views of Responsible Officials and Planned Corrective Action

Management has reviewed the finding and has indicated it will implement procedures to ensure corrective action is taken.

**CLIFTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There are none.