

**CLIFTON BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**CLIFTON, NEW JERSEY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Clifton Board of Education**

**Clifton, New Jersey**

**For The Fiscal Year Ended June 30, 2010**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

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

November 23, 2010

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, 2010 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 basic 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 and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings, recommendations, are included in the single audit section of this report.

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

The Clifton School District provides a full range of educational services appropriate to grade levels K through 12, including regular, Bilingual/English as a Second Language, vocational, and special education for handicapped students. The Clifton School District completed the 2009-2010 fiscal year with an average daily enrollment of 10,731 for in-district students. The district also had 175 students in out-of-district placements.

**2) ECONOMIC CONDITION AND OUTLOOK:** The Clifton Public School district continues to provide a thorough and efficient education for all its students with local taxpayers being the primary source of funding. For the 2009-2010 school year, the new State funding formula, as approved under the School Funding Reform Act, was again used to provide state aid to school districts and to cap the local tax levy at a 4% increase. As such, the district received additional equalization aid because of its below adequacy status as defined in the School Funding Reform Act. In addition, the district applied for and was granted a waiver to increase the tax levy above the 4% cap due to the opening of a new school. Even with the voters' defeat of the 2009-2010 tax levy increase and the subsequent reduction of \$1,000,000 and reallocation of \$500,000 for support of resource officers, the district was able to maintain its educational programs and support services as well as open a new facility.

After the 2009-2010 school budget was finalized and submitted to the Department of Education, the Clifton School District was notified that \$3,275,459.00, which represents 18% of the total equalization aid of \$18,051,970.00 was funded by the American Recovery and Reinvestment Act (ARRA). The district was required to account for these funds under Funds 16 and 17 and to submit quarterly reports as to the expenditure of these funds. Given that the ARRA funds were a one time source of revenue, the Clifton School District anticipated that this amount of equalization aid will not be available for developing the 2010-2011 school budget.

On February 14, 2010, the new governor of the State of New Jersey issued Executive Order 14 which required school districts to provide a portion of their surplus to the State by reducing their State Aid during the 2009-2010 school year. The amount of reduction to State Aid for the Clifton School District was \$408,689.00, which the district was able to accommodate by reallocating funds in various budgetary accounts instead of using unreserved fund balance. On a positive note, the district's anticipated increase in unreserved fund balance allowed the district to pay its deferral of half its PERS pension payment for 2008-2009 in June 2010 in order to avoid the interest over a 12 year pay back of the amount.

The Clifton School District anticipates that the current fiscal constraints will continue to impact the district's ability to provide the same level of educational programs and support services as it has done over the past few years to address the varied diversified needs of its students, the capital improvement needs for its aging facilities, and the day-to-day operational needs of the district.

**3. MAJOR INITIATIVES:** The Clifton school district accomplished several initiatives during the 2009-2010 school year as follows:

- Completion of the construction of the High School Annex allowing the district to open this facility in September 2009. The Annex housed 472 students in the 9<sup>th</sup> grade and the ASPIRE program, easing the overcrowding situation at the main High School campus which had existed for a number of years.
- Initiated a planned objective to install instructional technology equipment (an instructional computer, Smart Board, and projector) in each High School classroom to change the building from a lab based environment by completing the first phase in the East Wing of the building.
- Conducted a Language Arts Literacy Pilot resulting in the selection of Houghton Mifflin Journey Series for adoption in grades K-5.
- Purchased and implemented the new EnVision Mathematics textbook series in grades K-5 to support achievement of the New Jersey Core Curriculum Content Standards in Math. Initiated the implementation of the Connected Math program for Middle School for Grade 6 in 2009-2010 with the planned extension of the program to grades 7 and 8 over the next two years.
- Enhanced summer professional development activities for Title I, Middle School and Instructional Technology Initiatives with one time ARRA funds.

**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 the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the grants and entitlements fund, and the repayment of debt service fund. Project-length budgets are approved for capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

**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 Basic Financial Statements", Note 1.

**7) DEBT ADMINISTRATION:** At June 30, 2010, the Clifton School District's outstanding long-term debt issues included \$24,958,000 of general obligation bonds, to provide funds for acquisition and construction of major capital facilities.

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

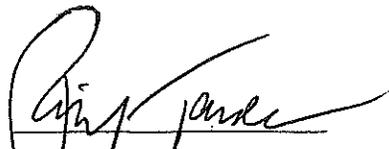
**9) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard, theft insurance on property and contents, and fidelity bonds.

**10) OTHER INFORMATION:**

An Independent Audit-State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, and Higgins LLP was selected by the Clifton Board of Education to conduct the independent audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act as Amended and the related OMB Circular A-133, and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Clifton School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

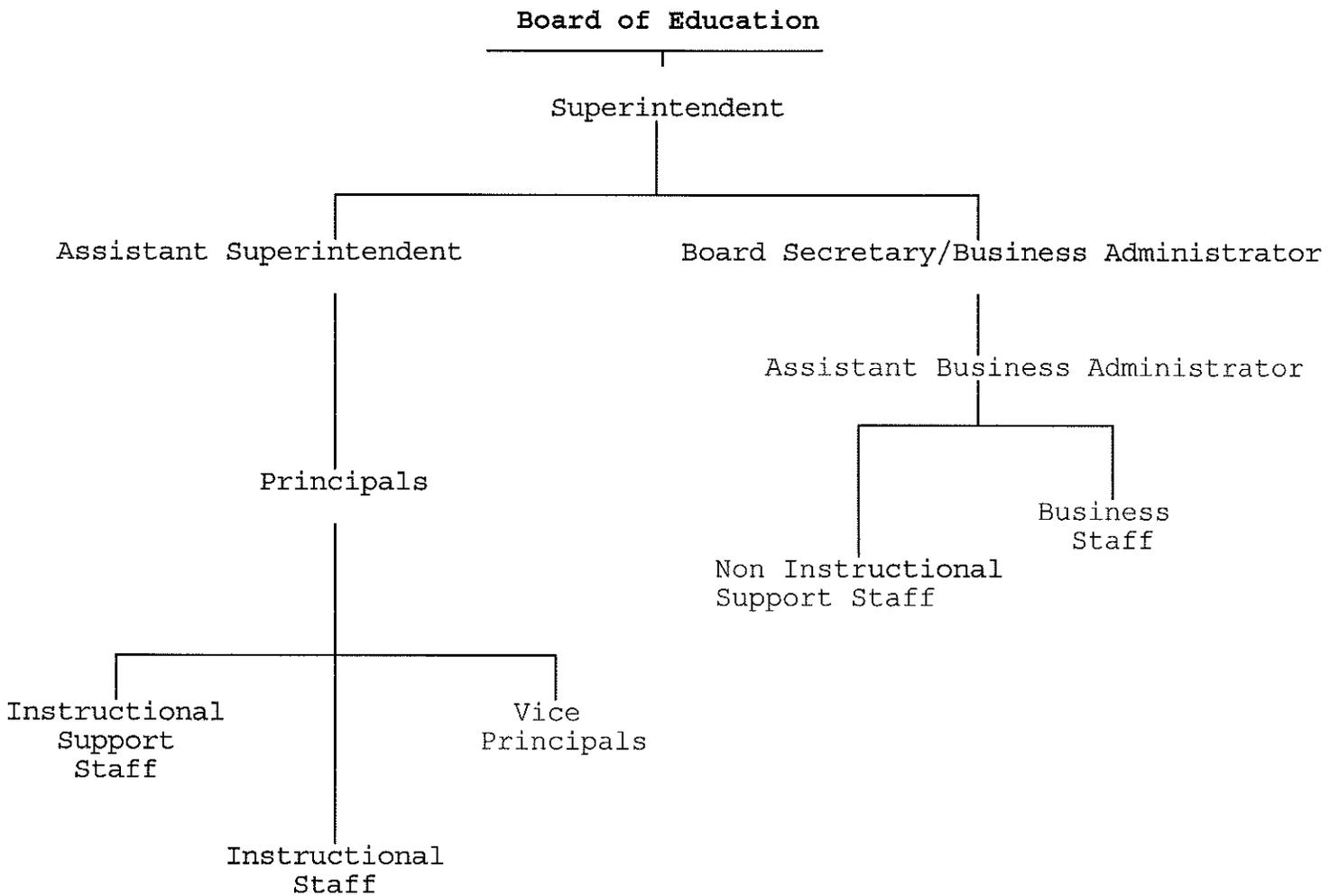


Richard Tardalo  
Superintendent



Karen L. Perkins  
Board Secretary/Business Administrator

CLIFTON BOARD OF EDUCATION  
Organizational Chart  
(Unit Control)



# CLIFTON BOARD OF EDUCATION

Consultants and Advisors

## Architects

FKA Architects  
306 Ramapo Valley Road  
Oakland, New Jersey 07436

## Audit Firm

Lerch, Vinci, & Higgins, LLP  
17-17 Route# 208  
Fair Lawn, New Jersey 07410

## Attorneys

ASG&L  
Adams Stern Gutierrez & Lattiboudere, LLC  
The Legal Center  
1037 Raymond Blvd., Suite 710  
Newark, New Jersey 07102

Jasinski, P.C.  
Isabel Machado, Esq.  
60 Park Place, 8th Floor  
Newark, New Jersey 07102

## Official Depository

TD Banknorth  
101 Washington Street  
Hoboken, New Jersey 07030

# CLIFTON BOARD OF EDUCATION

CLIFTON, NEW JERSEY

June 30, 2010

## Roster of Officials

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James Daley, President	2012
Michael Paitchell, Vice President	2012
Wayne Demikoff	2013
Louis Fraulo	2011
Paul Graupe	2011
Mary Kowal	2013
Gary Passenti	2013
John Traier	2011
Joseph Yeamans	2012

### Administrators

Richard Tardalo, Superintendent

Marie Nuccetelli, Interim Assistant Superintendent 7/1/09-3/30/10

Mark Tietjen, Assistant Superintendent - 4/1/10-6/30/10

Karen L. Perkins, Board Secretary/Business Administrator

Bryan Jursca, Assistant Board Secretary  
/Assistant Business Administrator

Raymond R. Jacobus, Treasurer

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITORS' REPORT

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

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, 2010, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

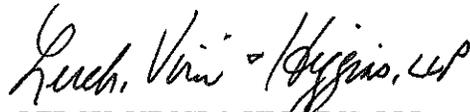
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clifton Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2010 on our consideration of the Clifton Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 accompanying introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 23, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010**

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, 2010. 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 2010 are as follows:

- District-Wide - Overall revenues were \$166,356,569. General revenues accounted for \$131,574,328 or 79 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$34,782,241 or 21 percent of total revenues of \$166,356,569.
- District-Wide - The School District had \$163,540,976 in expenses; only \$34,782,241 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted state aid) of \$131,574,328 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 \$779,587, an increase of \$912,508 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2010 and 2009, the unreserved fund balance reported in the General Fund was \$(480,504) and \$(1,658,837), respectively, a decrease in the deficit from the prior year of \$1,299,022. The negative unreserved fund balance is due to the delay of the last state aid payment and the extraordinary aid that is not recognized as revenue on a GAAP basis. However, prior to year end the district issued a note in the amount of the last two delayed State aid payments. This caused the decrease in the deficit unreserved fund balance from the prior year. The note was paid back subsequent to year end with the receipt of the last two State aid payments.

**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**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.

Figure A-1 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  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**Figure A-1** 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, food service, and community education	Activities the district operates similar to private businesses: Enterprise Fund
Required financial statements	Statements of net assets Statement of activities	Balance sheet Statement of revenue, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets 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/liability information	All assets 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 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 assets* presents information on all of the Clifton Board of Education's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**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, Adult Education, Before and After School Program, Evening School for the Foreign Born and Drivers Education Funds.

**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  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**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 assets and a statement of changes in fiduciary net assets. 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 Basic 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 assets.** Table A-1 provides a summary of the school district's net assets for fiscal years 2010 and 2009. For 2010 and 2009 they were \$36,565,585 and \$33,749,992, respectively.

By far the largest portion of the District's net assets 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  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

Table A-1  
Statement of Net Assets  
As of June 30, 2010 and 2009

	Net Assets					
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Assets</b>						
Current and Other Assets	\$ 18,102,790	\$ 10,514,175	\$ 934,326	\$ 663,282	\$ 19,037,116	\$ 11,177,457
Capital Assets	67,881,156	69,437,719	134,696	97,834	68,015,852	69,535,553
Total Assets	<u>85,983,946</u>	<u>79,951,894</u>	<u>1,069,022</u>	<u>761,116</u>	<u>87,052,968</u>	<u>80,713,010</u>
<b>Liabilities</b>						
Current Liabilities	17,376,245	10,757,616	248,635	263,890	17,624,880	11,021,506
Noncurrent Liabilities	<u>32,862,503</u>	<u>35,941,512</u>	-	-	<u>32,862,503</u>	<u>35,941,512</u>
Total Liabilities	<u>50,238,748</u>	<u>46,699,128</u>	<u>248,635</u>	<u>263,890</u>	<u>50,487,383</u>	<u>46,963,018</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	42,797,060	42,503,225	134,696	97,834	42,931,756	42,601,059
Restricted	152,608	251,808			152,608	251,808
Unrestricted	<u>(7,204,470)</u>	<u>(9,502,267)</u>	<u>685,691</u>	<u>399,392</u>	<u>(6,518,779)</u>	<u>(9,102,875)</u>
Total Net Assets	<u>\$ 35,745,198</u>	<u>\$ 33,252,766</u>	<u>\$ 820,387</u>	<u>\$ 497,226</u>	<u>\$ 36,565,585</u>	<u>\$ 33,749,992</u>

**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**Governmental activities.** Governmental activities increased the District's net assets by \$2,492,432. Key elements of this increase are as follows (Table A-2):

**Table A-2  
Changes in Net Assets  
For the Fiscal Years Ended June 30, 2010 and 2009**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services and Sales	\$ 163,840		\$ 2,083,087	\$ 1,991,103	\$ 2,246,927	\$ 1,991,103
Operating Grants and Contributions	30,279,308	\$ 25,354,325	2,205,537	1,843,456	32,484,845	27,197,781
Capital Grants and Contributions	50,469	3,664			50,469	3,664
<b>General Revenues</b>						
Property Taxes	116,045,650	111,747,537			116,045,650	111,747,537
Unrestricted State and Federal Aid	14,534,014	16,188,770			14,534,014	16,188,770
State Aid Restricted for Debt Service	222,259	406,440			222,259	406,440
Other	768,389	1,207,026	4,016	5,326	772,405	1,212,352
<b>Total Revenues</b>	<u>162,063,929</u>	<u>154,907,762</u>	<u>4,292,640</u>	<u>3,839,885</u>	<u>166,356,569</u>	<u>158,747,647</u>
<b>Expenses</b>						
<b>Instruction</b>						
Regular	68,933,131	66,490,450			68,933,131	66,490,450
Special	22,442,611	22,135,331			22,442,611	22,135,331
Other Instruction	8,786,469	7,819,030			8,786,469	7,819,030
School Sponsored Activities & Ath.	1,821,826	1,812,413			1,821,826	1,812,413
<b>Support Services</b>						
Student and Instruction Related Serv.	19,866,468	20,063,190			19,866,468	20,063,190
Attendance	400,485	382,552			400,485	382,552
Educational Media/School Library	3,332,302	3,485,013			3,332,302	3,485,013
School Administrative Services	8,500,580	8,152,419			8,500,580	8,152,419
General Administrative Services	2,888,848	3,092,680			2,888,848	3,092,680
Plant Operations and Maintenance	12,095,275	11,181,780			12,095,275	11,181,780
Pupil Transportation	6,518,303	6,836,546			6,518,303	6,836,546
Central Services	2,614,709	2,509,388			2,614,709	2,509,388
Food Service			3,624,744	3,401,829	3,624,744	3,401,829
Driver Education			43,505	53,465	43,505	53,465
Evening School for Foreign Born			27,513	32,800	27,513	32,800
Community School			300,971	201,673	300,971	201,673
Interest on Long-Term Debt	1,343,236	1,306,716	-	-	1,343,236	1,306,716
<b>Total Expenses</b>	<u>159,544,243</u>	<u>155,267,508</u>	<u>3,996,733</u>	<u>3,689,767</u>	<u>163,540,976</u>	<u>158,957,275</u>
Transfers	(27,254)	(19,100)	27,254	19,100	-	-
<b>Change in Net Assets</b>	2,492,432	(378,846)	323,161	169,218	2,815,593	(209,628)
<b>Net Assets, Beginning of Year</b>	<u>33,252,766</u>	<u>33,631,612</u>	<u>497,226</u>	<u>328,008</u>	<u>33,749,992</u>	<u>33,959,620</u>
<b>Net Assets, End of Year</b>	<u>\$ 35,745,198</u>	<u>\$ 33,252,766</u>	<u>\$ 820,387</u>	<u>\$ 497,226</u>	<u>\$ 36,565,585</u>	<u>\$ 33,749,992</u>

**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**Governmental activities.** The District's total governmental revenues were \$162,063,929. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$131,570,312 or 81% of total revenues. Funding from state and federal sources amounted to \$30,329,777 or 18% and charges for services amounted to \$163,840 or 1%.

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$101,984,037 (64%), student support services totaled \$56,216,970 (35%) and interest on long-term debt total \$1,343,236 (1%) of total expenditures. (See Table A-4.)

Table A-3 Revenue by Type – Governmental Activities  
For Fiscal Year 2010

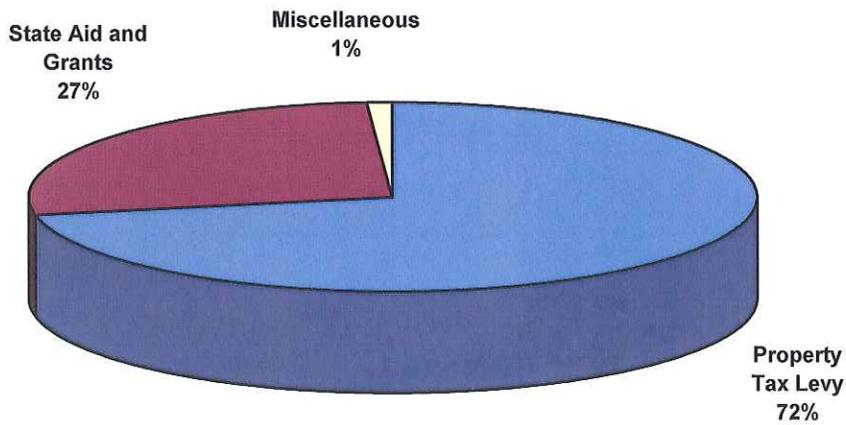
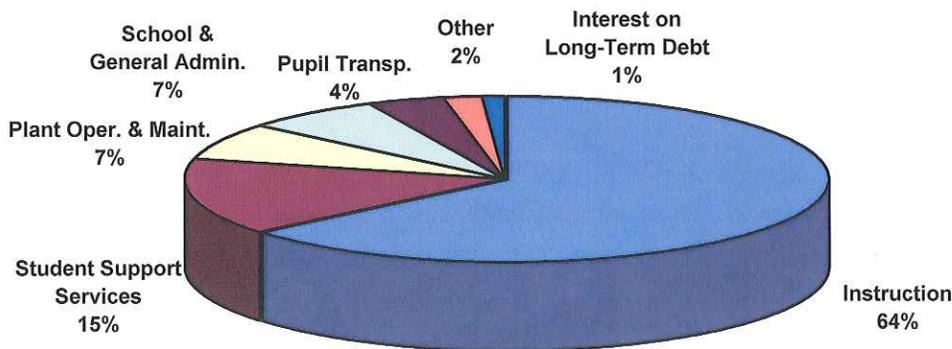


Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2010



**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**Table A-5  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2010 and 2009**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Governmental Activities				
Instruction				
Regular	\$ 68,933,131	\$ 66,490,450	\$ 62,726,750	\$ 60,491,232
Special Education	22,442,611	22,135,331	13,464,566	14,221,410
Other Instruction	8,786,469	7,819,030	5,635,170	5,642,720
School Sponsored Activities and Athletics	1,821,826	1,812,413	1,802,877	1,793,759
Support Services				
Student and Instruction Related Svcs.	19,866,468	20,063,190	13,069,719	14,766,697
Attendance	400,485	382,552	(677,723)	382,552
Educational Media/School Library	3,332,302	3,485,013	3,268,350	3,225,573
General Administrative Services	2,888,848	3,092,680	893,745	3,031,041
School Administrative Services	8,500,580	8,152,419	7,784,658	7,597,819
Plant Operations and Maintenance	12,095,275	11,181,780	10,652,401	9,649,990
Pupil Transportation	6,518,303	6,836,546	6,472,168	5,340,197
Central Services	2,614,709	2,509,388	2,614,709	2,459,813
Interest on Long-Term Debt	1,343,236	1,306,716	1,343,236	1,306,716
 Total Governmental Activities	 <u>\$ 159,544,243</u>	 <u>\$ 155,267,508</u>	 <u>\$ 129,050,626</u>	 <u>\$ 129,909,519</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2010 was \$3,996,733. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an increase in net assets of \$323,161.

**Major Enterprise Fund**

Food Service Program

- Food service revenues were greater than expenses by \$323,161.
- Charges for services represent 44 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 and interest revenue.

**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**Non-Major Enterprise Funds**

Adult Education, Before and After School Program, Evening School for the Foreign Born and Driver's Education.

- Revenues were less than expenses before transfers by \$27,254.
- 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, *unreserved 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 \$779,587. In 2008-2009 the fund balance was a deficit of \$(132,921).

**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 amounted to \$162,063,929 and expenditures were \$161,420,016.

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, 2010 and 2009.

	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Year Ended</u> <u>June 30, 2009</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 116,987,779	\$ 112,962,336	\$ 4,025,443	3.56%
State Sources	35,351,726	36,726,537	(1,374,811)	(3.74)%
Federal Sources	<u>9,724,424</u>	<u>5,218,889</u>	<u>4,505,535</u>	86.33%
 Total	 <u>\$ 162,063,929</u>	 <u>\$ 154,907,762</u>	 <u>\$ 7,156,167</u>	 4.62%

**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

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, 2010 and 2009.

	<u>Year Ended June 30, 2010</u>	<u>Year Ended June 30, 2009</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 100,340,192	\$ 95,884,746	\$ 4,455,446	4.65%
Undistributed	55,839,663	54,307,240	1,532,423	2.82%
Capital Outlay	1,170,321	10,510,316	(9,339,995)	(88.87)%
Debt Service				
Principal	2,923,378	4,050,235	(1,126,857)	(27.82)%
Interest	<u>1,146,462</u>	<u>1,277,416</u>	<u>(130,954)</u>	(10.25)%
 Total	 <u>\$ 161,420,016</u>	 <u>\$ 166,029,953</u>	 <u>\$ (4,609,937)</u>	 (2.78)%

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were related to:

- Salary adjustments due to coverage for leaves of absences and reassignment of personnel.
- Tuition costs for students selecting to attend charter schools.
- Increases in appropriations for under budgeted costs.
- Implementing budgets for specially funded projects, which include both Federal and State grants.
- Reinstating prior year purchase orders being carried over to the 2010 school year.
- Reallocating budgetary accounts based on Executive Order 14 issued by the governor for reduction of state aid based on available unreserved fund balance.
- Reappropriation of budgetary accounts due to the need to establish funds 16 and 17 to account for receipt of ARRA funds as part of the district's equalization aid.

**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**Capital Assets**

By the end of 2010, the District – Governmental Activities had invested \$67,881,156 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. Table A-6 shows fiscal year 2010 balances compared to 2009.

**Table A-6  
Capital Assets at June 30, 2010 and 2009  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 8,374,289	\$ 8,374,289			\$ 8,374,289	\$ 8,374,289
Land Improvements	1,458,328	1,458,328			1,458,328	1,458,328
Construction in Progress	51,367	51,367			51,367	51,367
Buildings and Improvements	95,017,512	94,838,096			95,017,512	94,838,096
Machinery, Equipment and Vehicles	<u>7,493,442</u>	<u>6,502,537</u>	<u>\$ 478,112</u>	<u>\$ 419,449</u>	<u>7,971,554</u>	<u>6,921,986</u>
<b>Total</b>	112,394,938	111,224,617	478,112	419,449	112,873,050	111,644,066
Less: Accumulated Depreciation	<u>44,513,782</u>	<u>41,786,898</u>	<u>343,416</u>	<u>321,615</u>	<u>44,857,198</u>	<u>42,108,513</u>
<b>Total</b>	<u>\$ 67,881,156</u>	<u>\$ 69,437,719</u>	<u>\$ 134,696</u>	<u>\$ 97,834</u>	<u>\$ 68,015,852</u>	<u>\$ 69,535,553</u>

Overall governmental capital assets decreased \$1,556,563 (net of depreciation) from fiscal year 2009 to fiscal year 2010.

**Construction Planning**

The district submitted its 2005 Long Range Facilities Plan to the Department of Education in November 2005 as required with a revision to the plan submitted in 2007. This district received notice from the Department of Education in September 2006 that the Long Range Facilities Plan appeared complete. The district received final approval of the plan in October 2008 which includes the following:

- Construction of a new middle school, grades 6 through 9
- Renovations to existing middle schools
- Additions to several elementary schools to address deficiencies
- Various capital projects to improve the operations and conditions of existing buildings

Additional information on Clifton Board of Education's capital assets can be found in the Notes to the Basic Financial Statements of this report.

**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**Debt Administration**

At June 30, 2010, the District had \$32,862,503 of outstanding debt. This debt is comprised of serial bonds for various school improvements, capital leases for the acquisition of student transportation (buses) and compensated absences.

**Long-term Liabilities**

**Table A-7  
Long-Term Debt  
Outstanding Long-Term Liabilities  
As of June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
General Obligation Bonds	\$ 24,958,000	\$ 27,648,000
Capital Leases	558,773	496,302
PERS Deferred Pension Obligation	-	434,378
Compensated Absences Payable	<u>7,345,730</u>	<u>7,579,084</u>
 Total	 <u>\$ 32,862,503</u>	 <u>\$ 36,157,764</u>

Moody's Investors Service has assigned an Aa2 enhanced rating to the Clifton Board of Education's \$36,217,000 million General Obligation School Bonds. These bonds are secured by New Jersey's Chapter 72 program. The Aa2 rating on this issue reflects: Chapter 72's highly liquid reserve that by statute is perpetually sized at 1.5% of New Jersey school district related indebtedness; significant ability to regenerate the fund in the case of a draw; and, Moody's anticipation that program mechanics will govern timely bond repayment in the case of a defaulting issuer. Additional information on this program follows:

**CHAPTER 72 IS A CONSTITUTIONALLY CREATED FUND LOCATED IN THE STATE'S FUND FOR SUPPORT OF FREE PUBLIC SCHOOLS**

The Chapter 72 reserves, authorized in 1980 (NJ 18A:56-19), to make scheduled debt service payments for a defaulting issuer are carved from the State of New Jersey's larger constitutionally created Fund for Support of Free Public Schools. Chapter 72 assets currently valued at \$62 million are recalculated annually, to comply with the statutory requirement that the reserve equal exactly 1.5% of the \$4.1 billion of outstanding school related debt. Currently, Chapter 72 assets comprise 41% of the Fund.

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

**CLIFTON BOARD OF EDUCATION  
CLIFTON, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2010**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

- Space Needs

The construction of the High School Annex was completed in 2009 allowing the district to open this new facility in September 2009 with 472 students in the ninth grade and ASPIRE program attending the school. This provided additional space relief at the main High School along with the elevated walkway which had opened the year before. The district is still considering its options for space relief at the middle schools.

- Capital Needs

With the age and size of the district's facilities, there is a constant need to replace, repair and renovate the buildings. Such projects include boiler replacement, window replacement, roof replacement, upgrade of toilet facilities, electrical upgrade, etc. As future budgets are prepared, funds may be provided for these capital projects when possible in order to maintain and improve the facilities for educational programs.

- State Aid

Although the district received additional equalization aid for the 2009-2010 school year under the School Funding Reform Act with the use of American Recovery and Reinvestment Act funds, the continued economic downturn in the country plus the change in administration resulted in another reduction to state aid during the school year. In addition, the new administration placed further reductions to state aid for future budgets as well as reducing the tax levy cap from 4% to 2%. As such, the district will have to consider reductions in staffing and programs for future budgets impacting on the district's ability to meet curriculum needs, contractual obligations and capital upgrades.

**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:

Karen Perkins  
745 Clifton Avenue  
Clifton, New Jersey 07015  
Telephone: 973-470-2288  
Fax: 973-773-8357  
Email: [kperkins@cliftonschoools.net](mailto:kperkins@cliftonschoools.net)

**BASIC FINANCIAL STATEMENTS**

**CLIFTON BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2010**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,950,385	\$ 703,817	\$ 7,654,202
Receivables, net			
Receivables from Other Governments	10,668,943	147,345	10,816,288
Other	202,077	57,579	259,656
Inventory		25,585	25,585
Deferred Charges	281,385		281,385
Capital Assets, net			
Not Being Depreciated	8,425,656	134,696	8,560,352
Being Depreciated	<u>59,455,500</u>	<u>-</u>	<u>59,455,500</u>
Total Assets	<u>85,983,946</u>	<u>1,069,022</u>	<u>87,052,968</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	3,452,104	245,192	3,697,296
Payable to State Government	793,783		793,783
Payable to Federal Government	53,830		53,830
Note Payable	6,684,677		6,684,677
Accrued Interest Payable	334,427		334,427
Unearned Revenue	6,057,424	3,443	6,060,867
Noncurrent Liabilities			
Due within one year	3,268,940		3,268,940
Due beyond one year	<u>29,593,563</u>	<u>-</u>	<u>29,593,563</u>
Total Liabilities	<u>50,238,748</u>	<u>248,635</u>	<u>50,487,383</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	42,797,060	134,696	42,931,756
Restricted for			
Capital Projects	152,607		152,607
Debt Service	1		1
Unrestricted	<u>(7,204,470)</u>	<u>685,691</u>	<u>(6,518,779)</u>
Total Net Assets	<u>\$ 35,745,198</u>	<u>\$ 820,387</u>	<u>\$ 36,565,585</u>

CLIFTON BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 68,933,131	\$ 163,840	\$ 6,033,906	\$ 8,635	\$ (62,726,750)	\$	\$ (62,726,750)
Special Education	22,442,611		8,978,045		(13,464,566)		(13,464,566)
Other Instruction	8,786,469		3,151,299		(5,635,170)		(5,635,170)
School Sponsored Activities and Athletics	1,821,826		18,949		(1,802,877)		(1,802,877)
Support Services							
Student and Instruction Related Services	19,866,468		6,754,915	41,834	(13,069,719)		(13,069,719)
Attendance and Social Work	400,485		1,078,208		677,723		677,723
Educational Media/School Library	3,332,302		63,952		(3,268,350)		(3,268,350)
School Administrative Services	8,500,580		715,922		(7,784,658)		(7,784,658)
General and Business Administrative Services	2,888,848		1,995,103		(893,745)		(893,745)
Plant Operations and Maintenance	12,095,275		1,442,874		(10,652,401)		(10,652,401)
Pupil Transportation	6,518,303		46,135		(6,472,168)		(6,472,168)
Central Services	2,614,709				(2,614,709)		(2,614,709)
Interest on Long-Term Debt	1,343,236				(1,343,236)		(1,343,236)
<b>Total Governmental Activities</b>	<u>159,544,243</u>	<u>163,840</u>	<u>30,279,308</u>	<u>50,469</u>	<u>(129,050,626)</u>	<u>-</u>	<u>(129,050,626)</u>
<b>Business-Type Activities</b>							
Food Service	3,624,744	\$ 1,738,352	2,205,537			\$ 319,145	319,145
Other Non Major	371,989	344,735				(27,254)	(27,254)
<b>Total Business-Type Activities</b>	<u>3,996,733</u>	<u>2,083,087</u>	<u>2,205,537</u>	<u>-</u>	<u>-</u>	<u>291,891</u>	<u>291,891</u>
<b>Total Primary Government</b>	<u>\$ 163,540,976</u>	<u>\$ 2,246,927</u>	<u>\$ 32,484,845</u>	<u>\$ 50,469</u>	<u>(129,050,626)</u>	<u>291,891</u>	<u>(128,758,735)</u>
<b>General Revenues and Transfers</b>							
Property Taxes					116,045,650		116,045,650
State Aid - Unrestricted					14,534,014		14,534,014
State Aid Restricted for Debt Service					222,259		222,259
Miscellaneous Income					768,389	4,016	772,405
Transfers					(27,254)	27,254	-
<b>Total General Revenues and Transfers</b>					<u>131,543,058</u>	<u>31,270</u>	<u>131,574,328</u>
Change in Net Assets					2,492,432	323,161	2,815,593
Net Assets, Beginning of Year					33,252,766	497,226	33,749,992
Net Assets, End of Year					<u>\$ 35,745,198</u>	<u>\$ 820,387</u>	<u>\$ 36,565,585</u>

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

**CLIFTON BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,082,934		\$ 3,867,450	\$ 1	\$ 6,950,385
Receivables, Net					
Receivables from Other Governments	108,218	\$ 9,779,945	780,780		10,668,943
Other	202,077				202,077
Due from Other Funds	<u>2,827,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,827,854</u>
Total Assets	<u>\$ 6,221,083</u>	<u>\$ 9,779,945</u>	<u>\$ 4,648,230</u>	<u>\$ 1</u>	<u>\$ 20,649,259</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 2,932,866	\$ 453,709	\$ 65,529		3,452,104
Due to Other Funds		2,421,199	406,655		2,827,854
Note Payable	2,700,697		3,983,980		6,684,677
Payable to State Government		793,783			793,783
Payable to Federal Government		53,830			53,830
Deferred Revenue	<u>-</u>	<u>6,057,424</u>	<u>-</u>	<u>-</u>	<u>6,057,424</u>
Total Liabilities	<u>5,633,563</u>	<u>9,779,945</u>	<u>4,456,164</u>	<u>-</u>	<u>19,869,672</u>
Fund Balances					
Reserved for					
Encumbrances	788,591				788,591
Capital Reserve Account	111,833				111,833
Legally Restricted-NCLB Title I Audit					
Recovery Due to SEA	167,600				167,600
Undesignated, Reported in					
General Fund	(480,504)				(480,504)
Capital Projects Fund			192,066		192,066
Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1</u>	<u>1</u>
Total Fund Balances	<u>587,520</u>	<u>-</u>	<u>192,066</u>	<u>1</u>	<u>779,587</u>
Total Liabilities and Fund Balances	<u>\$ 6,221,083</u>	<u>\$ 9,779,945</u>	<u>\$ 4,648,230</u>	<u>\$ 1</u>	

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

**CLIFTON BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2010**

<b>Total Government Fund Balances (Carried Forward)</b>	\$	779,587
 <b>Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:</b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$112,394,938 and the accumulated depreciation is \$44,513,782.		67,881,156
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(334,427)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General Obligation Bonds Payable	\$ (24,958,000)	
Less: Deferred Charge on Refunding (to be amortized as interest expense)	190,799	
Less: Deferred charge for Issuance Costs (to be amortized over the life of the debt of the debt)	90,586	
Capital Leases Payable	(558,773)	
Compensated Absences	<u>(7,345,730)</u>	
		<u>(32,581,118)</u>
<b>Net assets of governmental activities (Exhibit A-1)</b>	<b>\$</b>	<b><u>35,745,198</u></b>

**CLIFTON BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 113,121,372			\$ 2,924,278	\$ 116,045,650
Miscellaneous	920,400	\$ 9,900	\$ 11,829	-	942,129
Total - Local Sources	114,041,772	9,900	11,829	2,924,278	116,987,779
State Sources	34,127,035	1,002,432		222,259	35,351,726
Federal Sources	3,516,135	6,208,289	-	-	9,724,424
Total Revenues	151,684,942	7,220,621	11,829	3,146,537	162,063,929
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	67,505,023	184,389			67,689,412
Special Education Instruction	21,436,083	737,975			22,174,058
Other Instruction	6,089,168	2,573,548			8,662,716
School-Sponsored Activities and Athletics	1,814,006				1,814,006
Support Services					
Student and Instruction Related Services	16,004,758	3,674,240			19,678,998
Attendance and Social Work	400,291				400,291
Educational Media/School Library	3,302,756				3,302,756
School Administrative Services	8,372,555				8,372,555
General Administrative Services	2,874,942				2,874,942
Plant Operations and Maintenance	12,089,328				12,089,328
Pupil Transportation	6,516,614				6,516,614
Central Services	2,604,179				2,604,179
Debt Service					
Principal	233,378			2,690,000	2,923,378
Interest and Other Charges	30,110			1,116,352	1,146,462
Capital Outlay	940,436	50,469	179,416	-	1,170,321
Total Expenditures	150,213,627	7,220,621	179,416	3,806,352	161,420,016
Excess (Deficiency) of Revenues Over Expenditures	1,471,315	-	(167,587)	(659,815)	643,913
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Leases (Non-Budget)	295,849				295,849
Transfers In	11,829			560,000	571,829
Transfers Out	(27,254)	-	(571,829)	-	(599,083)
Total Other Financing Sources and Uses	280,424	-	(571,829)	560,000	268,595
Net Change in Fund Balances	1,751,739	-	(739,416)	(99,815)	912,508
Fund Balance (Deficit), Beginning of Year	(1,164,219)	-	931,482	99,816	(132,921)
Fund Balance, End of Year	\$ 587,520	\$ -	\$ 192,066	\$ 1	\$ 779,587

The accompanying Notes to the Basic 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, 2010**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ 912,508**

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	\$ 1,170,321	
Depreciation Expense	<u>(2,726,884)</u>	(1,556,563)

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 assets.

Capital Leases		(295,849)
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In the statement of activities, certain operating expenses - compensated absences and claims and judgments for self insurance claims - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences, Net		233,354
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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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Reduction of Long-Term Debt		2,923,378
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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:

Payment of the Deferred PERS Pension Obligation		434,378
Decrease in accrued interest		(121,059)
Amortization of Deferred Charge on Refunding		(25,453)
Amortization of Deferred Charge on Issuance Costs		<u>(12,262)</u>

**Change in net assets of governmental activities (Exhibit A-2)** **\$ 2,492,432**

**CLIFTON BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2010**

	<u>Food Service</u>	<u>Other Non Major Enterprise Funds</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 703,817		\$ 703,817
Intergovernmental Receivable			
State	6,553		6,553
Federal	140,792		140,792
Other Receivables	55,329	\$ 2,250	57,579
Inventories	25,585	-	25,585
	<u>932,076</u>	<u>2,250</u>	<u>934,326</u>
Total Current Assets			
Noncurrent Assets			
Equipment	478,113		478,113
Less: Accumulated Depreciation	(343,417)	-	(343,417)
	<u>134,696</u>	<u>-</u>	<u>134,696</u>
Total Noncurrent Assets			
Total Assets	<u>1,066,772</u>	<u>2,250</u>	<u>1,069,022</u>
<b>LIABILITIES</b>			
Current Liabilities			
Cash Overdraft		2,250	2,250
Accounts Payable	242,942		242,942
Unearned Revenue	3,443	-	3,443
	<u>246,385</u>	<u>2,250</u>	<u>248,635</u>
Total Current Liabilities			
Total Liabilities	<u>246,385</u>	<u>2,250</u>	<u>248,635</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	134,696		134,696
Unrestricted	685,691	-	685,691
	<u>820,387</u>	<u>-</u>	<u>820,387</u>
Total Net Assets	<u>\$ 820,387</u>	<u>\$ -</u>	<u>\$ 820,387</u>

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

**CLIFTON BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Food Service</u>	<u>Other Non Major Enterprise Funds</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales	\$ 1,504,421		\$ 1,504,421
Special Functions	<u>233,931</u>	\$ 344,735	<u>578,666</u>
Total Operating Revenues	<u>1,738,352</u>	<u>344,735</u>	<u>2,083,087</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales	1,481,471		1,481,471
Salaries and Employee Benefits	1,477,390	288,602	1,765,992
Purchased Services	181,355	73,298	254,653
Supplies and Materials	462,726	10,089	472,815
Depreciation	<u>21,802</u>	<u>-</u>	<u>21,802</u>
Total Operating Expenses	<u>3,624,744</u>	<u>371,989</u>	<u>3,996,733</u>
Operating Income/(Loss)	<u>(1,886,392)</u>	<u>(27,254)</u>	<u>(1,913,646)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	75,600		75,600
School Breakfast Program	15,930		15,930
Federal Sources			
School Breakfast Program	221,722		221,722
National School Lunch Program	1,691,662		1,691,662
Food Distribution Program- Non Cash Assistance	156,313		156,313
ARRA Equipment Grant	12,840		12,840
Fresh Fruit and Vegetable Program	31,470		31,470
Interest and Investment Revenue	<u>4,016</u>	<u>-</u>	<u>4,016</u>
Total Nonoperating Revenues	<u>2,209,553</u>	<u>-</u>	<u>2,209,553</u>
Net Income/( Loss) Before Transfers	323,161	(27,254)	295,907
Transfers			
Transfer In	<u>-</u>	<u>27,254</u>	<u>27,254</u>
Change in Net Assets	323,161	-	323,161
Total Net Assets, Beginning of Year	<u>497,226</u>	<u>-</u>	<u>497,226</u>
Total Net Assets, End of Year	<u>\$ 820,387</u>	<u>-</u>	<u>\$ 820,387</u>

The accompanying Notes to the Basic 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, 2010**

	<u>Food Service</u>	<u>Other Non Major Enterprise Funds</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 1,732,971	\$ 342,485	\$ 2,075,456
Cash Payments for Employees' Salaries and Benefits	(1,477,390)	(288,602)	(1,765,992)
Cash Payments to Suppliers for Goods and Services	<u>(2,157,217)</u>	<u>(83,387)</u>	<u>(2,240,604)</u>
Net Cash Provided by (Used by) Operating Activities	<u>(1,901,636)</u>	<u>(29,504)</u>	<u>(1,931,140)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received (Payments) from Other Funds	-	27,254	27,254
Cash Received from State and Federal Subsidy Reimbursements	<u>2,235,587</u>	<u>-</u>	<u>2,235,587</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,235,587</u>	<u>27,254</u>	<u>2,262,841</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchases of capital assets	<u>(58,664)</u>	<u>-</u>	<u>(58,664)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(58,664)</u>	<u>-</u>	<u>(58,664)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	<u>4,016</u>	<u>-</u>	<u>4,016</u>
Net Cash Provided by Investing Activities	<u>4,016</u>	<u>-</u>	<u>4,016</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	279,303	(2,250)	277,053
Cash and Cash Equivalents, Beginning of Year	<u>424,514</u>	<u>-</u>	<u>424,514</u>
Cash and Cash Equivalents, End of Year	<u>\$ 703,817</u>	<u>\$ (2,250)</u>	<u>\$ 701,567</u>
<b>Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities</b>			
Operating (Loss)	\$ (1,886,392)	\$ (27,254)	\$ (1,913,646)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities			
Depreciation	21,802		21,802
Food Distribution Program- Non Cash Assistance	156,313		156,313
Change in Assets and Liabilities			
Increase/(Decrease) in Unearned Revenue	(6,572)		(6,572)
(Increase)/Decrease in Other Accounts Receivable	(13,986)	(2,250)	(16,236)
Increase/(Decrease) in Accounts Payable	(10,933)		(10,933)
Increase/(Decrease) in Due to Other funds	(155,254)		(155,254)
(Increase)/Decrease in Inventory	<u>(6,614)</u>	<u>-</u>	<u>(6,614)</u>
Total Adjustments	<u>(15,244)</u>	<u>(2,250)</u>	<u>(17,494)</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ (1,901,636)</u>	<u>\$ (29,504)</u>	<u>\$ (1,931,140)</u>

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

**CLIFTON BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2010**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 36,979	\$ 72,605	\$ 951,792
Due from Other Funds	<u>10,949</u>	<u>-</u>	<u>-</u>
Total Assets	<u>47,928</u>	<u>72,605</u>	<u>\$ 951,792</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 506,691
Accrued Salaries and Wages			347
Due to Other Funds			10,949
Due to Student Groups			393,248
Reserve for Auditorium Renovation			40,557
Intergovernmental Payable	<u>58,524</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>58,524</u>	<u>-</u>	<u>\$ 951,792</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ (10,596)</u>	<u>\$ 72,605</u>	

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

**CLIFTON BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Unemployment Compensation Trust</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 220,852	
Board	<u>200,000</u>	<u>-</u>
Total Contributions	<u>420,852</u>	<u>-</u>
Investment Earnings		
Interest	<u>290</u>	<u>\$ 256</u>
Net Investment Earnings	<u>290</u>	<u>256</u>
Total Additions	<u>421,142</u>	<u>256</u>
<b>DEDUCTIONS</b>		
Unemployment Claims and Contributions	<u>505,571</u>	<u>-</u>
Total Deductions	<u>505,571</u>	<u>-</u>
Change in Net Assets	(84,429)	256
Net Assets, Beginning of the Year	<u>73,833</u>	<u>72,349</u>
Net Assets, End of the Year	<u>\$ (10,596)</u>	<u>\$ 72,605</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Clifton Board of Education this includes general operations, food service, before and after school child care, adult education, driver education 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. District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

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

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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 and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. 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.

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. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the school breakfast and lunch 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 major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

The District also reports the following non-major proprietary funds which are organized to be self-supporting through user charges: Community School, Evening School for the Foreign Born and Drivers Education.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to December 1, 1989.

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.

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.

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 enterprise funds 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.

**D. Assets, Liabilities and Net Assets or Equity**

**I. *Deposits 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.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**2. *Receivables and Payables***

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”.

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

*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 2008-2009 and 2009-2010 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.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is 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 revenues. 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 1<sup>st</sup> 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. *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. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**CLIFTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500, if purchased prior to July 1, 2000 or \$2,000 if purchased after July 1, 2001 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives 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.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Building and Building Improvements	20-25
Machinery and Equipment	5-20

**5. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue 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.

**6. *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 assets. Bond premiums and discounts, as well as issuance costs, 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 net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

***6. Long-term Obligations (Continued)***

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.

***7. Fund Equity***

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

**Reserved for Encumbrances** - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

**Reserved – Legally Restricted – NCLB Title I Audit Recovery Due to SEA** – This reserve was created to represent the amount recovered as a result of an NCLB Title I audit of the District.

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

***8. Reclassifications***

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

**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 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.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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 and is voted upon at the annual school election on the third Tuesday in April. 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 2009/2010. During 2009/2010 the Board increased the original budget by \$7,179,257. The increase was funded by 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 the 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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**B. Deficit Fund Equity**

The District has an unreserved/undesignated deficit fund balance of \$480,504 in the General Fund as of June 30, 2010 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 2009/2010 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District's deficit in the GAAP (fund) financial statements of \$480,504 in the General Fund is less than the delayed state aid payments.

**CLIFTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve Account**

A capital reserve account was established by the District on September 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account 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 account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2010 is as follows:

Beginning balance	\$ 111,218
Increased by:	
Interest earnings	<u>615</u>
Ending balance	<u>\$ 111,833</u>

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

**Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2010, the book value of the Board's deposits was \$8,713,328 and bank balances of the Board's cash and deposits amounted to \$12,437,732. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>12,437,432</u>

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, 2010 the Board's bank balance was not exposed to custodial credit risk.

**Investments**

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

As of June 30, 2010, the Board had no outstanding investments.

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

**CLIFTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Other Non-Major</u>	<u>Total</u>
Receivables:						
Accounts	\$ 202,077			\$ 55,329	\$ 2,250	\$ 259,656
Intergovernmental	<u>108,218</u>	<u>\$ 9,779,945</u>	<u>\$ 780,780</u>	<u>147,345</u>	<u>-</u>	<u>10,816,288</u>
Gross Receivables	310,295	9,779,945	780,780	202,674	2,250	11,075,944
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 310,295</u>	<u>\$ 9,779,945</u>	<u>\$ 780,780</u>	<u>\$ 202,674</u>	<u>\$ 2,250</u>	<u>\$ 11,075,944</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 5,826,258
Grant draw downs reserved for encumbrances	<u>231,166</u>
Total deferred revenues for governmental funds	<u>\$ 6,057,424</u>

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance Balance, <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	Balance, Balance, <u>June 30, 2010</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 8,374,289				\$ 8,374,289
Construction in progress	<u>51,367</u>	-	-	-	<u>51,367</u>
Total capital assets, not being depreciated	<u>8,425,656</u>	-	-	-	<u>8,425,656</u>
Capital assets, being depreciated:					
Land improvements	1,458,328				1,458,328
Building and building improvements	94,838,096	\$ 179,416			95,017,512
Machinery and equipment	<u>6,502,537</u>	<u>990,905</u>	-	-	<u>7,493,442</u>
Total capital assets being depreciated	<u>102,798,961</u>	<u>1,170,321</u>	-	-	<u>103,969,282</u>
Less accumulated depreciation for:					
Land improvements	(1,016,343)	(20,352)			(1,036,695)
Building and building improvements	(35,740,701)	(2,346,507)			(38,087,208)
Machinery and equipment	<u>(5,029,854)</u>	<u>(360,025)</u>	-	-	<u>(5,389,879)</u>
Total accumulated depreciation	<u>(41,786,898)</u>	<u>(2,726,884)</u>	-	-	<u>(44,513,782)</u>
Total capital assets, being depreciated, net	<u>61,012,063</u>	<u>(1,556,563)</u>	-	-	<u>59,455,500</u>
Governmental activities capital assets, net	<u>\$ 69,437,719</u>	<u>\$ (1,556,563)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,881,156</u>

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

	Balance <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2010</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 419,449	\$ 58,664	-	\$ 478,113
Total capital assets being depreciated	<u>419,449</u>	<u>58,664</u>	<u>-</u>	<u>478,113</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(321,615)</u>	<u>(21,802)</u>	<u>-</u>	<u>(343,417)</u>
Total accumulated depreciation	<u>(321,615)</u>	<u>(21,802)</u>	<u>-</u>	<u>(343,417)</u>
Total capital assets, being depreciated, net	<u>97,834</u>	<u>36,862</u>	<u>-</u>	<u>134,696</u>
Business-type activities capital assets, net	<u>\$ 97,834</u>	<u>\$ 36,862</u>	<u>\$ -</u>	<u>\$ 134,696</u>

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

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

**Governmental activities:**

Instruction	
Regular	\$ 1,371,814
Special	339,431
Other Instruction	141,267
School-Sponsored/Other Instructional	<u>38,638</u>
Total Instruction	<u>1,891,150</u>
Support Services	
Student and instruction related services	271,387
Attendance and social work	8,659
Educational media/school library	44,407
General administration	24,844
School administration	181,748
Operations and maintenance of plant	189,577
Student transportation	75,026
Central Services	<u>40,086</u>
Total Support Services	<u>835,734</u>
Total depreciation expense - governmental activities	<u>\$ 2,726,884</u>
<b>Business-type activities:</b>	
Food Service Fund	<u>\$ 21,802</u>

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2010, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 2,421,199
General Fund	Capital Projects Fund	406,655
Unemployment Trust Fund	Payroll Agency	<u>10,949</u>
 Total		 <u>\$ 2,838,803</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 except.

**Interfund transfers**

	<u>Transfer In:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Non-Major Enterprise Funds</u>	
Transfer Out:				
General Fund			\$ 27,254	\$ 27,254
Capital Projects Fund	\$ 11,829	\$ 560,000	-	<u>571,829</u>
 Total transfers out	 <u>\$ 11,829</u>	 <u>\$ 560,000</u>	 <u>\$ 27,254</u>	 <u>\$ 599,083</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.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Leases**

**Operating Leases**

The District leases copiers under noncancelable operating leases. Lease payments for the year ended June 30, 2010 were \$43,197. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2011	\$ 43,197
Total	<u>\$ 43,197</u>

**Capital Leases**

The District is leasing student transportation and utility vehicles totaling \$947,500 under capital leases. The leases are for terms of 3 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 193,936
2012	175,469
2013	137,698
2014	78,764
2015	<u>28,384</u>
Total minimum lease payments	614,251
Less: amount representing interest	<u>55,478</u>
Present value of minimum lease payments	<u>\$ 558,773</u>

**CLIFTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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, 2010 are comprised of the following issues:

\$6,520,000, 1998 Refunding Bonds, due in annual installments of \$460,000 to \$535,000 through August, 2014, interest at 4.2% to 4.75%	\$2,450,000
\$7,982,000, 2002 Bonds, due in annual installments of \$560,000 to \$572,000 Through May 15, 2017, interest at 2.00% to 3.75%	3,932,000
\$9,855,000, 2004 Refunding Bonds, due in annual installments of \$810,000 to \$935,000 through December 15, 2018 interest at 2.00% to 5.00%	6,740,000
\$11,149,000, 2005 Bonds, due in annual installments of \$500,000 to \$825,000 through March 1, 2025 interest at 4.00% to 4.50%	10,049,000
\$2,417,000, 2007 Bonds, due in annual installments of \$220,000 to \$287,000 through May 1, 2017 interest at 3.75% to 3.875%	<u>1,787,000</u>
	<u>\$24,958,000</u>

**CLIFTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. 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>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 2,665,000	\$ 1,018,501	\$ 3,683,501
2012	2,655,000	916,504	3,571,504
2013	2,650,000	808,548	3,458,548
2014	2,675,000	693,819	3,368,819
2015	2,675,000	578,969	3,253,969
2016-2020	7,539,000	1,587,610	9,126,610
2021-2025	<u>4,099,000</u>	<u>530,401</u>	<u>4,629,401</u>
	<u>\$ 24,958,000</u>	<u>\$ 6,134,352</u>	<u>\$ 31,092,352</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2010 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 438,582,493
Less: Net Debt	<u>24,962,909</u>
Remaining Borrowing Power	<u>\$ 413,619,584</u>

**Advance and Current Refundings of Debt**

On September 28, 2004, the District issued \$9,855,000 in School District Refunding Bonds having an interest rate of 2% to 3.75%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$9,350,000 and the total interest payments defeased was \$4,109,750. The net proceeds of \$10,009,591 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$356,337. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$640,226 and resulted in an economic gain of \$508,661.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance, <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2010</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 27,648,000		\$ 2,690,000	\$ 24,958,000	\$ 2,665,000
Less deferred amounts:					
On Refunding	<u>(216,252)</u>	<u>-</u>	<u>(25,453)</u>	<u>(190,799)</u>	<u>-</u>
 Total Bonds Payable	 27,431,748	 -	 2,664,547	 24,767,201	 2,665,000
 Capital leases	 496,302	 \$ 295,849	 233,378	 558,773	 168,940
Pension Obligation Deferral	434,378		434,378	-	
Compensated absences	<u>7,579,084</u>	<u>181,682</u>	<u>415,036</u>	<u>7,345,730</u>	<u>435,000</u>
Governmental activity					
Long-term liabilities	<u>\$ 35,941,512</u>	<u>\$ 477,531</u>	<u>\$ 3,747,339</u>	<u>\$ 32,671,704</u>	<u>\$ 3,268,940</u>

Capital leases and compensated absences are generally liquidated by the general fund.

**G. Short-Term Debt**

**Project Notes/Grant Anticipation Notes/Loans Payable**

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants as well as loans to temporarily finance the delayed state aid payment received subsequent to the fiscal year end. The Board's short-term debt activity for the year ended June 30, 2010 was as follows:

<u>Purpose</u>	Balance, July 1, <u>2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2010</u>
Temporary Note- Delayed State Aid Payment	\$ 1,127,764	\$ 2,700,697	\$ 1,127,764	\$ 2,700,697
Grant Anticipation Note	<u>-</u>	<u>3,983,980</u>	<u>-</u>	<u>3,983,980</u>
	<u>\$ 1,127,764</u>	<u>\$ 6,684,677</u>	<u>\$ 1,127,764</u>	<u>\$ 6,684,677</u>

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**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. 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 fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

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 June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 300,000	\$ 220,852	\$ 505,571	\$ 84,404
2009		212,745	217,369	73,833
2008	20,000	173,798	216,931	77,475

**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.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities (Continued)**

**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, 2010, 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.

On October 15, 2010, the Office of Fiscal Accountability and Compliance issued their report of their fiscal audit of the No Child Left Behind (NCLB) Title I grant for the period on September 1, 2008 through August 31, 2009. The audit findings resulted in an audit recovery due back to the SEA in the amount of \$167,600. This amount has been reserved on the balance sheet. The District is in the process of appealing these findings; however as of the date of the audit the appeal has not been adjudicated.

**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, 2010, the District had no estimated arbitrage earnings due to the IRS.

**D. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds**

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. 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.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Significant Legislation**

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

**Funding Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**CLIFTON BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.5% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2010	\$ 1,110,968	\$ 225,707
2009	543,146	215,088
2008	684,825	4,702,965

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State only contributed \$225,707 and \$215,088 during 2009/2010 and 2008/2009, respectively, for the NCGI premium. During 2008/2009 school year, the Board contributed only 50% of its normal and accrued liability components of the PERS obligation and deferred the remaining 50%. The District is permitted to payoff the deferred PERS pension obligation at any time. A long-term liability of the deferred pension obligation for PERS has been recorded in the governmental activities in the district-wide financial statements. As of June 30, 2010, the district paid the deferred pension obligation in the amount of \$434,378 plus accrued interest.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,899,361 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for 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. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

**Basis of Accounting**

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

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$19.8 billion for state active and retired members and \$36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed \$837.7 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2010, 2009 and 2008 were \$4,239,092, \$4,103,340 and \$3,492,427, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 113,121,372		\$ 113,121,372	\$ 113,121,372	
Miscellaneous	808,000	-	808,000	920,400	\$ 112,400
Sub-Total Local Sources	<u>113,929,372</u>	<u>-</u>	<u>113,929,372</u>	<u>114,041,772</u>	<u>112,400</u>
Federal Sources					
ARRA- Educational Stabilization Fund		\$ 3,153,387	3,153,387	3,153,387	
ARRA- Government Services Fund		122,072	122,072	122,072	
Medicaid Reimbursement	149,174	-	149,174	240,676	91,502
Sub-Total Federal Sources	<u>149,174</u>	<u>3,275,459</u>	<u>3,424,633</u>	<u>3,516,135</u>	<u>91,502</u>
State Sources					
Transportation Aid	1,761,442	(408,689)	1,352,753	1,352,753	
Special Education Aid	6,013,588		6,013,588	6,013,588	
Equalization Aid	18,051,970	(3,275,459)	14,776,511	14,776,511	
Security Aid	2,016,819		2,016,819	2,016,819	
Extraordinary Aid	690,000	(111,039)	578,961	578,961	
Nonpublic Transportation Aid				108,218	108,218
On-behalf TPAF Pension Contrib. (Non-budgeted)					
NCGI				225,707	225,707
Post-Retirement Medical Contribution				4,239,092	4,239,092
Reimbursed TPAF Social Security Contr. (Non-budgeted)	-	-	-	4,899,361	4,899,361
Sub-Total State Sources	<u>28,533,819</u>	<u>(3,795,187)</u>	<u>24,738,632</u>	<u>34,211,010</u>	<u>9,472,378</u>
Total Revenues	<u>142,612,365</u>	<u>(519,728)</u>	<u>142,092,637</u>	<u>151,768,917</u>	<u>9,676,280</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	2,348,135	(25,000)	2,323,135	2,322,793	342
Grades 1-5	14,982,317	76,500	15,058,817	15,057,310	1,507
Grades 6-8	9,846,171	85,000	9,931,171	9,930,709	462
Grades 9-12	13,069,897	97,000	13,166,897	13,166,682	215
Regular Programs - Home Instruction					
Salaries of Teachers	130,000	11,000	141,000	140,940	60
Purchased Professional - Educational Services	50,000	10,000	60,000	38,940	21,060
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	50,000	74,000	124,000	121,732	2,268
Purchased Technical Services	641,279	(85,000)	556,279	520,336	35,943
Purchased Professional Educational Services	41,000	-	41,000	40,000	1,000
Other Purchased Services	7,000	-	7,000	4,798	2,202
General Supplies	2,029,356	(185,836)	1,843,520	1,786,988	56,532
Textbooks	894,708	799,913	1,694,621	1,143,653	550,968
Other Objects	100	-	100	-	100
Total Regular Programs	<u>44,089,963</u>	<u>857,577</u>	<u>44,947,540</u>	<u>44,274,881</u>	<u>672,659</u>

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Cognitive - Moderate					
Salaries of Teachers	\$ 69,700	\$ 1,000	\$ 70,700	\$ 69,800	\$ 900
Other Salaries for Instruction	22,804	1,000	23,804	23,504	300
Other Purchased Services	1,000	-	1,000	201	799
General Supplies	825	10	835	816	19
Textbooks	750	(10)	740	152	588
Total Cognitive - Moderate	<u>95,079</u>	<u>2,000</u>	<u>97,079</u>	<u>94,473</u>	<u>2,606</u>
Learning/Language Disabilities					
Salaries of Teachers	2,350,041	(12,500)	2,337,541	2,336,826	715
Other Salaries for Instruction	966,051	500	966,551	966,291	260
General Supplies	31,427	(120)	31,307	28,569	2,738
Textbooks	1,430	-	1,430	-	1,430
Total Learning/Language Disabilities	<u>3,348,949</u>	<u>(12,120)</u>	<u>3,336,829</u>	<u>3,331,686</u>	<u>5,143</u>
Behavioral Disabilities					
Salaries of Teachers	405,056	(12,000)	393,056	392,991	65
Other Salaries for Instruction	154,853	(36,000)	118,853	118,034	819
Other Purchased Services	500	-	500	-	500
General Supplies	1,957	-	1,957	1,479	478
Total Behavioral Disabilities	<u>562,366</u>	<u>(48,000)</u>	<u>514,366</u>	<u>512,504</u>	<u>1,862</u>
Multiple Disabilities					
Salaries of Teachers	918,813	(85,000)	833,813	833,644	169
Other Purchased Services	-	500	500	427	73
General Supplies	500	855	1,355	1,354	1
Textbooks	1,215	(665)	550	534	16
Total Multiple Disabilities	<u>920,528</u>	<u>(84,310)</u>	<u>836,218</u>	<u>835,959</u>	<u>259</u>
Resource Room/Resource Center					
Salaries of Teachers	4,483,840	(369,000)	4,114,840	4,113,860	980
General Supplies	8,682	(190)	8,492	8,044	448
Textbooks	550	(550)	-	-	-
Total Resource Room/Resource Center	<u>4,493,072</u>	<u>(369,740)</u>	<u>4,123,332</u>	<u>4,121,904</u>	<u>1,428</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	626,070	(10,000)	616,070	615,533	537
Other Salaries for Instruction	230,335	52,500	282,835	282,311	524
Purchased Professional Educational Services	1,500	-	1,500	500	1,000
General Supplies	5,851	-	5,851	5,198	653
Total Preschool Handicapped - Part - Time	<u>863,756</u>	<u>42,500</u>	<u>906,256</u>	<u>903,542</u>	<u>2,714</u>
Total Special Education	<u>10,283,750</u>	<u>(469,670)</u>	<u>9,814,080</u>	<u>9,800,068</u>	<u>14,012</u>
Basic Skills/Remedial					
Salaries of Teachers	2,353,298	(703,800)	1,649,498	1,649,147	351
General Supplies	5,815	-	5,815	5,518	297
Total Basic Skills/Remedial	<u>2,359,113</u>	<u>(703,800)</u>	<u>1,655,313</u>	<u>1,654,665</u>	<u>648</u>
Bilingual Education					
Salaries of Teachers	2,340,583	9,000	2,349,583	2,348,779	804
Other Salaries for Instruction	200,106	(29,000)	171,106	170,391	715
Purchased Professional/Educational Services	13,800	-	13,800	2,183	11,617
General Supplies	39,300	1,093	40,393	33,861	6,532
Textbooks	27,000	-	27,000	25,289	1,711
Total Bilingual Education	<u>2,620,789</u>	<u>(18,907)</u>	<u>2,601,882</u>	<u>2,580,503</u>	<u>21,379</u>

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
School Sponsored Co-Curricular Activities					
Salaries	\$ 291,829	\$ 36,000	\$ 327,829	\$ 327,630	\$ 199
Purchased Services	134,487	(36,000)	98,487	84,755	13,732
Supplies and Materials	13,176	-	13,176	6,855	6,321
Other Objects	16,750	-	16,750	15,000	1,750
Total School Sponsored Co-Curricular Activities	<u>456,242</u>	<u>-</u>	<u>456,242</u>	<u>434,240</u>	<u>22,002</u>
School Sponsored Athletics					
Salaries	846,392	-	846,392	812,461	33,931
Purchased Services	107,950	-	107,950	93,785	14,165
Supplies and Materials	91,417	6,000	97,417	94,458	2,959
Other Objects	159,000	(6,000)	153,000	102,559	50,441
Total School Sponsored Athletics	<u>1,204,759</u>	<u>-</u>	<u>1,204,759</u>	<u>1,103,263</u>	<u>101,496</u>
Community Services					
Salaries	7,000	-	7,000	7,000	-
Supplies and Materials	6,000	-	6,000	6,000	-
Total Community Services	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Total - Instruction	<u>61,027,616</u>	<u>(334,800)</u>	<u>60,692,816</u>	<u>59,860,620</u>	<u>832,196</u>
Undistributed Expenditures					
Instruction					
Tuition Other LEA's Within the State - Regular		51,000	51,000	50,463	537
Tuition Other LEA's Within the State - Special	519,963	80,000	599,963	586,169	13,794
Tuition to County Vocational School - Regular	3,241,048	-	3,241,048	3,241,048	-
Tuition to County Vocational School - Special	150,632	-	150,632	129,920	20,712
Tuition to CSSD & Regional Day Schools	660,788	(172,000)	488,788	487,957	831
Tuition for Private Schools for the Disabled - Within State	6,425,275	(663,339)	5,761,936	5,759,171	2,765
Tuition for Private Schools for the Disabled - O/S State		-			-
Tuition - State Facilities	106,714	17,700	124,414	124,413	1
Tuition - Other	257,800	(120,000)	137,800	134,642	3,158
Total Undistributed Expenditures - Instruction	<u>11,362,220</u>	<u>(806,639)</u>	<u>10,555,581</u>	<u>10,513,783</u>	<u>41,798</u>
Attendance and Social Work Services					
Salaries	265,478	(9,000)	256,478	255,509	969
Purchased Professional/Technical Services	37,565	(18,000)	19,565	13,754	5,811
Other Purchased Services	600	-	600	600	-
Supplies and Materials	6,224	-	6,224	3,796	2,428
Total Attendance and Social Work Services	<u>309,867</u>	<u>(27,000)</u>	<u>282,867</u>	<u>273,059</u>	<u>9,808</u>
Health Services					
Salaries	1,648,311	55,500	1,703,811	1,703,506	305
Purchased Professional/Technical Services	75,400	(3,000)	72,400	51,284	21,116
Other Purchased Services	1,000	-	1,000	252	748
Supplies and Materials	25,214	(2,500)	22,714	20,622	2,092
Total Health Services	<u>1,749,925</u>	<u>50,000</u>	<u>1,799,925</u>	<u>1,775,664</u>	<u>24,261</u>

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Speech OT/PT and Related Services					
Salaries	\$ 1,084,808	\$ 257,000	\$ 1,341,808	\$ 1,341,473	\$ 335
Purchased Professional- Educational Services	1,575,000	(421,800)	1,153,200	1,152,393	807
Supplies and Materials	3,858	(200)	3,658	3,403	255
	<u>2,663,666</u>	<u>(165,000)</u>	<u>2,498,666</u>	<u>2,497,269</u>	<u>1,397</u>
Total Speech, OT/PT & Related Serv.					
Other Support Services - Students Extra Serv.					
Salaries	1,204,579	368,000	1,572,579	1,572,553	26
Purchased Professional/Educational Services	475,000	136,000	611,000	591,662	19,338
Supplies and Materials	1,996	(1,000)	996	-	996
	<u>1,681,575</u>	<u>503,000</u>	<u>2,184,575</u>	<u>2,164,215</u>	<u>20,360</u>
Total Other Support Serv. - Students Extra Serv.					
Guidance					
Salaries of Other Professional Staff	2,671,189	(136,000)	2,535,189	2,535,039	150
Salaries of Secretarial and Clerical Staff	227,984	79,200	307,184	306,874	310
Other Salaries	21,900	500	22,400	22,395	5
Purchased Professional/Educational Services	5,393	-	5,393	-	5,393
Other Purchased Professional/Technical Services	6,384	600	6,984	6,915	69
Other Purchased Services	4,000	-	4,000	342	3,658
Supplies and Materials	18,744	-	18,744	13,473	5,271
	<u>2,955,594</u>	<u>(55,700)</u>	<u>2,899,894</u>	<u>2,885,038</u>	<u>14,856</u>
Total Guidance					
Child Study Teams					
Salaries of Other Professional Staff	1,396,623	248,000	1,644,623	1,643,748	875
Salaries of Secretarial and Clerical Staff	69,995	25,000	94,995	94,580	415
Purchased Professional/Educational Services	50,000	1,000	51,000	35,002	15,998
Other Purchased Professional/Technical Services	56,300	(1,000)	55,300	41,378	13,922
Miscellaneous Purchased Services	9,500	-	9,500	4,422	5,078
Supplies and Materials	37,288	-	37,288	27,374	9,914
	<u>1,619,706</u>	<u>273,000</u>	<u>1,892,706</u>	<u>1,846,504</u>	<u>46,202</u>
Total Child Study Teams					
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	643,093	(81,500)	561,593	561,062	531
Supplies and Materials	13,750	(7,200)	6,550	5,344	1,206
	<u>656,843</u>	<u>(88,700)</u>	<u>568,143</u>	<u>566,406</u>	<u>1,737</u>
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Educational Media Services/School Library					
Salaries	2,088,700	(133,500)	1,955,200	1,954,961	239
Salaries of Technology Coordinators	104,153	5,000	109,153	108,858	295
Purchased Professional/Technical Services	84,000	-	84,000	79,850	4,150
Other Purchased Services	1,750	-	1,750	228	1,522
Supplies and Materials	244,953	112,500	357,453	356,800	653
	<u>2,523,556</u>	<u>(16,000)</u>	<u>2,507,556</u>	<u>2,500,697</u>	<u>6,859</u>
Total Educational Media Services/School Library					

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Instructional Staff Training Services					
Purchased Professional Educational Services	\$ 88,000	-	\$ 88,000	\$ 83,958	\$ 4,042
Total Instructional Staff Training Services	<u>88,000</u>	<u>-</u>	<u>88,000</u>	<u>83,958</u>	<u>4,042</u>
Support Services General Administration					
Salaries	789,983	\$ (50,000)	739,983	733,067	6,916
Legal Services	355,000	112,000	467,000	418,473	48,527
Audit Fees	60,000	58,500	118,500	69,263	49,237
Other Purchased Professional Services	130,000	(10,000)	120,000	105,485	14,515
Purchased Technical Services	99,810	90,000	189,810	188,883	927
Communications/Telephone	726,500	(205,500)	521,000	515,536	5,464
BOE Other Purchased Services	6,200	(6,200)			-
Other Purchased Services	447,762	15,800	463,562	454,422	9,140
General Supplies	15,000	-	15,000	9,628	5,372
BOE In-House Training/Meeting Supplies	1,300	500	1,800	1,105	695
Miscellaneous Expenditures	3,000	-	3,000	2,643	357
BOE Membership Dues and Fees	27,666	400	28,066	28,066	-
Total Support Services General Administration	<u>2,662,221</u>	<u>5,500</u>	<u>2,667,721</u>	<u>2,526,571</u>	<u>141,150</u>
School Administration					
Salaries of Principals/Assistant Principals	3,114,839	70,000	3,184,839	3,181,766	3,073
Salaries of Other Professional Staff	961,026	111,000	1,072,026	1,040,146	31,880
Salaries of Secretarial and Clerical Assistants	1,265,497	(126,389)	1,139,108	1,138,578	530
Other Salaries	107,712	13,000	120,712	114,872	5,840
Purchased Professional and Technical Services	246,397	(27,000)	219,397	219,319	78
Other Purchased Services	20,535	4,000	24,535	24,496	39
Supplies and Materials	154,571	(8,000)	146,571	133,983	12,588
Miscellaneous Expenditures		1,085	1,085		1,085
Membership Dues and Fees		1,200	1,200		1,200
Other Objects	2,285	(2,285)	-	-	-
Total School Administration	<u>5,872,862</u>	<u>36,611</u>	<u>5,909,473</u>	<u>5,853,160</u>	<u>56,313</u>
Central Services					
Salaries	974,835	(40,000)	934,835	934,494	341
Purchased Technical Services	126,368	(38,000)	88,368	87,558	810
Miscellaneous Purchased Services	3,500	-	3,500	224	3,276
Supplies and Materials	32,000	-	32,000	18,456	13,544
Other Objects	3,000	-	3,000	2,151	849
Total Central Services	<u>1,139,703</u>	<u>(78,000)</u>	<u>1,061,703</u>	<u>1,042,883</u>	<u>18,820</u>
Administrative Information Technology					
Salaries	251,319	-	251,319	248,318	3,001
Purchased Technical Services	796,396	(71,000)	725,396	716,893	8,503
Supplies and Materials	75,400	(15,000)	60,400	19,916	40,484
Total Administrative Information Technology	<u>1,123,115</u>	<u>(86,000)</u>	<u>1,037,115</u>	<u>985,127</u>	<u>51,988</u>

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 831,179	\$ (104,300)	\$ 726,879	\$ 721,881	\$ 4,998
Cleaning, Repair and Maintenance Services	173,000	57,000	230,000	221,183	8,817
General Supplies	169,000	27,000	196,000	195,151	849
<b>Total Required Maintenance for School Facilities</b>	<b>1,173,179</b>	<b>(20,300)</b>	<b>1,152,879</b>	<b>1,138,215</b>	<b>14,664</b>
Custodial Services					
Salaries	4,142,685	(40,000)	4,102,685	4,100,861	1,824
Purchased Professional and Technical Services	250,000	73,000	323,000	264,366	58,634
Cleaning, Repair and Maintenance Services	241,040	36,000	277,040	273,001	4,039
Rental of Land/Bldg. Other than Lease Pur. Agrmt.	117,000	-	117,000	117,000	-
Other Purchased Property Services	1,000	300	1,300	1,250	50
Insurance	116,546	-	116,546	116,510	36
Miscellaneous Purchased Services	59,713	(20,000)	39,713	28,277	11,436
General Supplies	297,439	38,000	335,439	331,375	4,064
Energy	2,217,559	(196,000)	2,021,559	2,017,216	4,343
Other Objects	31,500	(12,000)	19,500	12,624	6,876
<b>Total Custodial Services</b>	<b>7,474,482</b>	<b>(120,700)</b>	<b>7,353,782</b>	<b>7,262,480</b>	<b>91,302</b>
Care & Upkeep of Grounds					
Salaries	218,982	5,000	223,982	219,958	4,024
Cleaning, Repair and Maintenance Services	7,000	-	7,000	6,316	684
General Supplies	25,000	3,000	28,000	25,907	2,093
<b>Total Care &amp; Upkeep of Grounds</b>	<b>250,982</b>	<b>8,000</b>	<b>258,982</b>	<b>252,181</b>	<b>6,801</b>
Security					
Purchased Professional and Technical Services	500,000	-	500,000	500,000	-
<b>Total Security</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>	<b>-</b>
Student Transportation Services					
Salaries of Non-Instructional Aides	616,500	214,000	830,500	810,230	20,270
Salaries for Pupil Transportation (Between Home and School) - Regular	562,860	30,000	592,860	589,775	3,085
Salaries for Pupil Transportation (Between Home and School) - Special	852,230	(87,000)	765,230	708,430	56,800
Salaries for Pupil Transportation (Other Than Between Home and School)	135,000	-	135,000	105,345	29,655
Management Fee - ESC & CTSA Transportation	64,647	12,000	76,647	75,850	797
Other Purchased Professional/Technical Services	16,700	-	16,700	12,279	4,421
Cleaning, Repair and Maintenance Services	8,000	-	8,000	(21,662)	29,662
Lease Purchase Payments - School Buses	169,146	(6,500)	162,646	162,160	486
Contracted Services (Other than Between Home & School)- Vendors	46,503	(46,503)	-	-	-
Contracted Services (Regular Students) - ESCs& CTSA	464,368	127,000	591,368	580,132	11,236
Contracted Services (Spl. Ed. Students) - ESCs& CTSA	1,654,265	(82,000)	1,572,265	1,491,890	80,375
Contracted Services-Aid in Lieu of Payments- Non-Public Schools	914,000	(300,497)	613,503	561,446	52,057
Miscellaneous Purchased Services - Transportation	52,673	-	52,673	45,192	7,481
Supplies and Materials	247,000	-	247,000	236,050	10,950
Transportation Supplies	43,500	(2,500)	41,000	25,197	15,803
<b>Total Student Transportation Services</b>	<b>5,847,392</b>	<b>(142,000)</b>	<b>5,705,392</b>	<b>5,382,314</b>	<b>323,078</b>

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits					
Social Security Contributions	\$ 1,701,752	\$ (106,500)	\$ 1,595,252	\$ 1,594,730	\$ 522
Other Retirement Contributions - Regular	1,227,951	368,500	1,596,451	1,583,346	13,105
Unemployment Compensation	25,225	278,000	303,225	302,835	390
Workmen's Compensation	731,000	68,500	799,500	799,414	86
Health Benefits	24,023,251	(1,048,119)	22,975,132	22,969,315	5,817
Tuition Reimbursement	70,000	39,000	109,000	108,450	550
Other Employee Benefits	521,000	630,819	1,151,819	1,124,262	27,557
<b>Total Unallocated Benefits</b>	<b>28,300,179</b>	<b>230,200</b>	<b>28,530,379</b>	<b>28,482,352</b>	<b>48,027</b>
On-behalf TPAF Pension Contr. (Non-budgeted)					
NCGI				225,707	(225,707)
Post-Retirement Medical Costs				4,239,092	(4,239,092)
Reimbursed TPAF Social Security Contributions (Non-budgeted)					
	-	-	-	4,899,361	(4,899,361)
<b>Total Undistributed Expenditures</b>	<b>79,955,067</b>	<b>(499,728)</b>	<b>79,455,339</b>	<b>87,896,036</b>	<b>(8,440,697)</b>
<b>Total Current Expenditures</b>	<b>140,982,683</b>	<b>(834,528)</b>	<b>140,148,155</b>	<b>147,756,656</b>	<b>(7,608,501)</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5	5,400	2,700	8,100	8,064	36
Grades 6-8	5,198	-	5,198	4,020	1,178
Grades 9-12	61,400	(16,100)	45,300	45,220	80
Undistributed Expenditures					
Equipment		128,599	128,599	81,914	46,685
Non-Instructional Equipment		3,100	3,100	3,060	40
School Admin.	9,199	(9,199)			-
Required Maintenance For School Facilities	50,000	(50,000)			-
School Buses - Regular	31,000	(5,000)	26,000	20,851	5,149
School Buses - Special	31,000	(3,100)	27,900	17,575	10,325
<b>Total Equipment</b>	<b>193,197</b>	<b>51,000</b>	<b>244,197</b>	<b>180,704</b>	<b>63,493</b>

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>CAPITAL OUTLAY (Continued)</b>					
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services					-
Construction Services	-	\$ 50,000	\$ 50,000	-	\$ 50,000
Supplies & Materials	\$ 367,004	140,000	507,004	\$ 495,872	11,132
Total Facilities Acquis. and Const. Services	367,004	190,000	557,004	495,872	61,132
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures					
Student Transportation	-	-	-	295,849	(295,849)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	295,849	(295,849)
Interest Deposit to Capital Reserve	8,000	(8,000)	-	-	-
Total Capital Outlay	568,201	233,000	801,201	972,425	(171,224)
Transfer Funds to Charter School	1,401,381	90,000	1,491,381	1,484,546	6,835
Total Expenditures	142,952,265	(511,528)	142,440,737	150,213,627	(7,772,890)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(339,900)	(8,200)	(348,100)	1,555,290	(1,903,390)
Other Financing Sources (Uses)					
Transfers In		-		11,829	11,829
Transfers Out		(27,300)	(27,300)	(27,254)	46
Capital Leases (Non-Budgeted)	-	-	-	295,849	295,849
Total Other Financing Sources(Uses)	-	(27,300)	(27,300)	280,424	307,724
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(339,900)	(35,500)	(375,400)	1,835,714	(2,211,114)
Fund Balances, Beginning of Year	2,031,464	-	2,031,464	2,031,464	-
Fund Balances, End of Year	\$ 1,691,564	\$ (35,500)	\$ 1,656,064	\$ 3,867,178	\$ (2,211,114)
<b>Recapitulation</b>					
<b>Reserve for:</b>					
Encumbrances				\$ 788,591	
Capital Reserve				111,833	
Legally Restricted-NCLB Title I Audit Recovery Due to SEA				167,600	
<b>Unreserved:</b>					
Undesignated				2,799,154	
				3,867,178	
Reconciliation to Governmental Funds statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis			\$ 2,700,697		
Extraordinary Aid not recognized on a GAAP Basis			578,961		
				3,279,658	
Fund Balances Per Governmental Funds (GAAP)				\$ 587,520	

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
AMERICAN RECOVERY AND REINVESTMENT ACT- EDUCATIONAL STABILIZATION FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Transfers</u>	<u>Final</u>		<u>Final To Actual</u>
<b>REVENUES</b>					
Federal Sources					
ARRA- Educational Stabilization Fund	-	\$ 3,153,387	\$ 3,153,387	\$ 3,153,387	-
Total Revenues	-	3,153,387	3,153,387	3,153,387	-
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Health Services					
Salaries	-	\$ 1,375,930	\$ 1,375,930	\$ 1,375,930	-
Total Health Services	-	1,375,930	1,375,930	1,375,930	-
Guidance					
Salaries	-	397,605	397,605	397,605	-
Total Guidance	-	397,605	397,605	397,605	-
Educational Media Services/School Library					
Salaries	-	753,521	753,521	753,521	-
Total Educational Media Services/School Library	-	753,521	753,521	753,521	-
Unallocated/Benefits					
Health Benefits	-	626,331	626,331	626,331	-
Total Unallocated/Benefits	-	626,331	626,331	626,331	-
Total Undistributed Expenditures	-	3,153,387	3,153,387	3,153,387	-
Total Expenditures- Current Expenditures	-	3,153,387	3,153,387	3,153,387	-
Excess/(Deficiency) of Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
AMERICAN RECOVERY AND REINVESTMENT ACT- GOVERNMENT SERVICES FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final To Actual</u>
	<u>Original</u>	<u>Transfers</u>	<u>Final</u>		
<b>REVENUES</b>					
Federal Sources					
ARRA- Government Services Fund	-	\$ 122,072	\$ 122,072	\$ 122,072	-
Total Revenues	-	122,072	122,072	122,072	-
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
School Administration					
Salaries of Principals/Assistant Principals	-	\$ 112,584	\$ 112,584	\$ 112,584	-
Total School Administration	-	112,584	112,584	112,584	-
Unallocated/Benefits					
Health Benefits	-	9,488	9,488	9,488	-
Total Unallocated/Benefits	-	9,488	9,488	9,488	-
Total Undistributed Expenditures	-	122,072	122,072	122,072	-
Total Expenditures- Current Expenditures	-	122,072	122,072	122,072	-
Excess/(Deficiency) of Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**CLIFTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 1,691,444	\$ 170,272	\$ 1,861,716	\$ 1,002,432	\$ (859,284)
Federal	4,711,803	7,478,313	12,190,116	6,439,455	(5,750,661)
Local Sources					
Miscellaneous	-	14,900	14,900	9,900	(5,000)
Total Revenues	<u>6,403,247</u>	<u>7,663,485</u>	<u>14,066,732</u>	<u>7,451,787</u>	<u>(6,614,945)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	1,420,000	1,603,260	3,023,260	2,027,611	995,649
Other Salaries for Instruction		84,014	84,014	44,014	40,000
Salaries of Secretarial and Clerical Asst.		22,870	22,870	22,870	-
Purchased Professional/Technical Services		262,848	262,848	102,548	160,300
Purchased Professional/Educational Services	1,320,648	581,165	1,901,813	905,511	996,302
Tuition	168,429	101,790	270,219	270,219	-
Other Purchased Services		18,062	18,062	9,082	8,980
General Supplies	395,263	1,518,677	1,913,940	904,789	1,009,151
Other Objects		12,000	12,000	-	12,000
Textbooks	115,209	(14,173)	101,036	100,600	436
Total Instruction	<u>3,419,549</u>	<u>4,190,513</u>	<u>7,610,062</u>	<u>4,387,244</u>	<u>3,222,818</u>
Support Services					
Salaries of Teachers		56,349	56,349	53,113	3,236
Salaries of Directors	40,000	4,974	44,974	22,874	22,100
Salaries of Supervisors of Instruction	160,000	(147,790)	12,210	12,210	-
Salaries of Other Professional Staff	870,000	267,308	1,137,308	1,064,825	72,483
Salaries of Secretarial and Clerical Asst.	160,000	23,219	183,219	163,093	20,126
Other Salaries		82,860	82,860	82,860	-
Personal Services-Employee Benefits	500,000	207,549	707,549	534,917	172,632
Purchased Professional/Educational Services	1,253,698	27,037	1,280,735	607,378	673,357
Purchased Prof. & Technical Services		552,333	552,333	207,495	344,838
Travel		47,188	47,188	8,738	38,450
Other Purchased Services		87,549	87,549	50,095	37,454
Purchased Property Services		15,000	15,000	9,091	5,909
Supplies and Materials	-	518,499	518,499	171,719	346,780
Total Support Services	<u>2,983,698</u>	<u>1,742,075</u>	<u>4,725,773</u>	<u>2,988,408</u>	<u>1,737,365</u>
Facilities Acquisition and Construction					
Instructional Equipment		10,760	10,760	8,635	2,125
Non-Instructional Equipment	-	1,720,137	1,720,137	67,500	3,507,774
Total Facilities Acquisition and Construction	<u>-</u>	<u>1,730,897</u>	<u>1,730,897</u>	<u>76,135</u>	<u>1,654,762</u>
Total Expenditures	<u>6,403,247</u>	<u>7,663,485</u>	<u>14,066,732</u>	<u>7,451,787</u>	<u>6,614,945</u>
Deficiency of Revenues Under Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLIFTON BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1	\$ 151,768,917	C-2	\$ 7,451,787
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized, net of cancellations				(231,166)
Difference- Budget to GAAP				
State Aid payments and Extraordinary Aid Payment (2009/2010) recognized for GAAP Purposes not recognized for budgetary statements.		3,195,683		
Difference - Budget to GAAP:				
State Aid payments and Extraordinary Aid Payment ( 2009/2010) recognized for budgetary purposes, not recognized for GAAP statements		<u>(3,279,658)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.				
	B-2	<u>151,684,942</u>	B-2	<u>\$ 7,220,621</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1	\$ 150,213,627	C-2	\$ 7,451,787
Difference- budget to GAAP				
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and/or services are received for financial reporting purposes.		<u>-</u>		<u>(231,166)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds				
	B-2	<u>\$ 150,213,627</u>	B-2	<u>\$ 7,220,621</u>

**SCHOOL LEVEL SCHEDULES**

**NOT APPLICABLE**

**EXHIBIT D-1**

**CLIFTON BOARD OF EDUCATION  
GENERAL FUND  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2010**

NOT APPLICABLE

**EXHIBIT D-2**

**SCHEDULE OF EXPENDITURES  
ALLOCATED BY RESOURCE TYPE - ACTUAL  
AS OF JUNE 30, 2010**

NOT APPLICABLE

**EXHIBIT D-3**

**SCHEDULE OF BLENDED EXPENDITURES  
BUDGET AND ACTUAL  
AS OF JUNE 30, 2010**

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, 2010

	Local Programs	Carl Perkins	I.D.E.A.- Part B	ARRA I.D.E.A.- Part B	I.D.E.A.- Part B Basic Preschool	I.D.E.A.- Part B Basic Preschool Carryover	Total Exhibit E-1 Page 2
<b>REVENUES</b>							
Local Sources	9,900						9,900
State Sources	-	89,549	1,625,768	303,411	43,408	9,705	2,865,318
Federal Sources							
<b>Total Revenues</b>	<b>9,900</b>	<b>89,549</b>	<b>1,625,768</b>	<b>303,411</b>	<b>43,408</b>	<b>9,705</b>	<b>2,875,218</b>
<b>EXPENDITURES</b>							
Instruction							
Salaries of Teachers	7,200		247,160		71,505		325,865
Other Salaries for Instruction	800				43,214		44,014
Purchased Professional/Technical Services		5,551	62,859		3,495		71,905
Other Purchased Services		3,467					3,467
Tuition			269,911		308		270,219
General Supplies		74,771	7,367	14,809	17,347		114,294
<b>Total Instruction</b>	<b>8,000</b>	<b>83,789</b>	<b>587,297</b>	<b>14,809</b>	<b>135,869</b>		<b>829,764</b>
Support Services							
Salaries of Teachers							
Salaries of Directors			500		3,500	9,705	53,113
Salaries of Supervisors of Instruction					12,210		4,000
Salaries of Other Professional Staff			538,843		331,379		12,210
Salaries of Secretarial and Clerical Asst.			131,108				870,222
Purchased Professional/Technical Services				1,995			131,108
Purchased Prof./Educational Services	1,900		125,500	58,662	297,976		1,995
Personal Services- Employee Benefits			225,696		11,192		484,038
Other Purchased Services			2,126				236,888
Travel					1,351		2,126
Purchased Property Services			9,091				1,351
Supplies and Materials			2,732	160,445			9,091
<b>Total Support Services</b>	<b>1,900</b>		<b>1,035,596</b>	<b>221,102</b>	<b>657,608</b>	<b>9,705</b>	<b>1,969,319</b>
Facilities Acquisition and Construction							
Instructional Equipment		5,760	2,875				8,635
Non-Instructional Equipment				67,500			67,500
<b>Total Facilities Acquisition and Construction</b>		<b>5,760</b>	<b>2,875</b>	<b>67,500</b>			<b>76,135</b>
<b>Total Expenditures</b>	<b>9,900</b>	<b>89,549</b>	<b>1,625,768</b>	<b>303,411</b>	<b>43,408</b>	<b>9,705</b>	<b>2,875,218</b>

CLIFTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	CHIPRA	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic ESL	Nonpublic Compensatory Education	Nonpublic Transportation	Supplemental Instruction	Nonpublic Exam. and Class	Nonpublic Corrective Speech	New Jersey Exhibit E-1 Page 3
REVENUES										
Local Sources	\$ 10,500	\$ 118,270	\$ 100,600	\$ 53,926	\$ 304,394	\$ 154,636	\$ 73,428	\$ 108,217	\$ 78,461	\$ 1,002,432
State Sources	-	-	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 10,500	\$ 118,270	\$ 100,600	\$ 53,926	\$ 304,394	\$ 154,636	\$ 73,428	\$ 108,217	\$ 78,461	\$ 1,002,432
EXPENDITURES										
Instruction										
Salaries of Secretarial and Clerical Asst.		\$ 118,270	\$ 100,600	\$ 53,926	\$ 281,524	\$ 154,636	\$ 73,428	\$ 108,217	\$ 78,461	\$ 22,870
Purchase Professional/Educational Services		-	-	-	-	-	-	-	-	868,462
Textbooks		-	-	-	-	-	-	-	-	100,600
Total Instruction		118,270	100,600	53,926	304,394	154,636	73,428	108,217	78,461	991,932
Support Services										
Purchased Prof./Educational Services	\$ 10,500	-	-	-	-	-	-	-	-	10,500
Total Support Services	10,500	-	-	-	-	-	-	-	-	10,500
Total Expenditures	\$ 10,500	\$ 118,270	\$ 100,600	\$ 53,926	\$ 304,394	\$ 154,636	\$ 73,428	\$ 108,217	\$ 78,461	\$ 1,002,432

**CLIFTON BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**CLIFTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfer Out</u>	<u>Unexpended Balance, June 30, 2010</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Technology & Telecommunications Upgrade	\$ 7,800,000	\$ 7,799,487			\$ 513
* Construction of New Elementary School	20,670,000	19,993,721	\$ 34,005	\$ (560,000)	82,274
*** Window Replacement at School #9, Door Replacement at Christopher Columbus Middle School and Re-Roofing at High School	930,000	922,521			7,479
**** Annex to the Clifton High School- Acquisition, Installation of Furnishings and Equipment and Site Work	15,153,548	15,033,017	120,531		-
***** Renovation of the High School Metal Shop into Two Classrooms	310,909	277,614			33,295
***** Construction of Corridor Bridge (Walkway) at the High School	2,417,380	2,319,086	24,880	-	73,414
Totals		\$ 46,345,446	\$ 179,416	\$ (560,000)	\$ 196,975
Reconciliation to Fund Balance					
Project Appropriation Balance, June 30, 2010					\$ 196,975
Less: Unrealized Revenue					4,909
Fund Balance, June 30, 2010 (GAAP Basis)					\$ 192,066
Analysis Authorized but not Issued					
Elementary School					3,981
High School Annex					548
Corridor Bridge High School					380
					\$ 4,909

\* On December 11, 2001, voters approved the construction of a new elementary school appropriation partially funded by \$177,953 from Improvement to Woodrow Wilson School, \$237,013 from Improvement to High School, and \$1,859,971 from Technology and tele-communication Upgrade. In addition the property was funded by SDA grant proceeds of \$4,909,072, capital reserve proceeds of \$5,500,000 and serial bonds of \$7,982,000 and \$3,981 of bonds authorized but not issued.

\*\*\* Funded by local share of \$619,789 and State SDA share of \$310,211.

\*\*\*\* On December 14, 2004, voters approved the construction of a high school annex appropriation, funded by bonds in the amount of \$11,149,000, SDA grant proceeds of \$4,004,000 and \$548 of bonds authorized but not issued.

\*\*\*\*\* Funded by local share of \$200,000 and State SDA share of \$110,909

\*\*\*\*\* Authorized on December 12, 2006 \$2,417,380 funded by bonds in the amount of \$2,417,000 and \$380 of bonds authorized but not issued.

**CLIFTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>Revenues and Other Financing Sources</b>	
Interest on Investments	\$ <u>11,829</u>
 Total Revenues	 <u>11,829</u>
<b>Expenditures and Other Financing Uses</b>	
Construction Services	163,397
Purchase Prof/Tech Services	16,019
Transfer Out- Debt Service	560,000
Transfer Out- General Fund	<u>11,829</u>
 Total Expenditures	 <u>751,245</u>
 Excess (deficiency) or revenues over (under) expenditures	  (739,416)
 Fund Balance- Beginning	  <u>931,482</u>
 Fund Balance- Ending	  <u><u>\$ 192,066</u></u>

**CLIFTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT -  
BUDGETARY BASIS  
WINDOW REPLACEMENT AT SCHOOL #9, DOOR REPLACEMENT AT CHRISTOPHER COLUMBUS  
MIDDLE SCHOOL AND RE-ROOFING AT HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grants	\$ 310,211		\$ 310,211	\$ 310,211
Transfer from capital outlay	619,789		619,789	619,789
Total revenues	<u>930,000</u>	<u>-</u>	<u>930,000</u>	<u>930,000</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	922,521	-	922,521	922,521
Total Expenditures	<u>922,521</u>	<u>-</u>	<u>922,521</u>	<u>922,521</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 7,479</u>	<u>\$ -</u>	<u>\$ 7,479</u>	<u>\$ 7,479</u>
<b>Additional project information:</b>				
Project Number	0900-150-03-0417	0900-030-03-0415	0900-035-03-416	
Grant Date	12/23/2004	2/8/2005	1/19/2005	
Bond Authorization Date	N/A	N/A	N/A	
Bonds Authorized	N/A	N/A	N/A	
Bonds Issued	N/A	N/A	N/A	
Original Authorized Cost	\$ 930,000	N/A	N/A	
Additional Authorized Cost	-	N/A	N/A	
Revised Authorized Cost	N/A	N/A	N/A	
Percentage Increase over Original Authorized Cost	N/A	N/A	N/A	
Percentage completion	100%	100%	100%	
Original target completion date	9/1/2003	9/1/2003	9/1/2003	
Revised target completion date	N/A	N/A	N/A	

**CLIFTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT-  
BUDGETARY BASIS  
TECHNOLOGY & TELECOMMUNICATIONS UPGRADE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED AND JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond proceeds and transfers	\$ 7,800,000	_____	\$ 7,800,000	\$ 7,800,000
Total revenues	<u>7,800,000</u>	<u>-</u>	<u>7,800,000</u>	<u>7,800,000</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	<u>7,799,487</u>	_____	<u>7,799,487</u>	<u>7,799,487</u>
Total Expenditures	<u>7,799,487</u>	<u>-</u>	<u>7,799,487</u>	<u>7,799,487</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 513</u>	<u>\$ -</u>	<u>\$ 513</u>	<u>\$ 513</u>

**Additional project information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	Dec-98
Bonds Authorized	\$ 7,800,000
Bonds Issued	7,800,000
Original Authorized Cost	7,800,000
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A

## Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	100%
Original target completion date	9/1/2005
Revised target completion date	N/A

**CLIFTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT-  
BUDGETARY BASIS  
ANNEX TO THE HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grants	\$ 4,004,000		\$ 4,004,000	\$ 4,004,000
Bond proceeds and transfers	11,149,548		11,149,548	11,149,548
Transfer from capital outlay	15,153,548	-	15,153,548	15,153,548
Total revenues				
<b>Expenditures and Other Financing Uses</b>				
Construction Services	\$ 711,189	\$ 109,017	820,206	820,206
Purchased Prof/Tech Services	233,650	11,514	245,164	245,164
Land and improvements	14,088,178		14,088,178	14,088,178
Total Expenditures	15,033,017	120,531	15,153,548	15,153,548
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 120,531</u>	<u>\$ (120,531)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional project information:**

Project Number	0900-030-05-1000
Grant Date	6/7/2005
Bond Authorization Date	12/14/2004
Bonds Authorized	\$ 11,149,548
Bonds Issued	11,149,000
Original Authorized Cost	15,153,548
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original target completion date	6/30/2007
Revised target completion date	6/30/2009

**CLIFTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT-  
BUDGETARY BASIS  
CONSTRUCTION OF NEW ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grants	\$ 4,909,082		\$ 4,909,082	\$ 4,909,082
Bond proceeds and transfers	10,260,918		10,260,918	10,260,918
Transfer from capital reserve	5,500,000	-	5,500,000	5,500,000
	<u>20,670,000</u>	<u>-</u>	<u>20,670,000</u>	<u>20,670,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchase Prof/Tech Services	7,270	\$ 4,505	11,775	11,775
Construction Services	19,986,451	29,500	20,015,951	20,015,951
Transfer Out to Debt Service Fund	-	560,000	560,000	560,000
	<u>19,993,721</u>	<u>594,005</u>	<u>20,587,726</u>	<u>20,587,726</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 676,279</u>	<u>\$ (594,005)</u>	<u>\$ 82,274</u>	<u>\$ 82,274</u>

**Additional project information:**

Project Number	0900-N01-02-0215
Grant Date	2002
Bond Authorization Date	12/11/2001
Bonds Authorized	\$ 7,985,981
Bonds Issued	7,982,000
Original Authorized Cost	20,670,000
Additional Authorized Cost	0
Revised Authorized Cost	0

## Percentage Increase over Original

Authorized Cost	0%
Percentage completion	100%
Original target completion date	9/1/2004
Revised target completion date	N/A

**CLIFTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT-  
BUDGETARY BASIS  
RENOVATION OF THE HIGH SCHOOL METAL SHOP INTO TWO CLASSROOMS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grants	\$ 110,909		\$ 110,909	\$ 110,909
Transfer from capital outlay	200,000	-	200,000	200,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	310,909	-	310,909	310,909
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	277,614		277,614	277,614
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	277,614	-	277,614	277,614
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 33,295</u>	<u>\$ -</u>	<u>\$ 33,295</u>	<u>\$ 33,295</u>
<b>Additional project information:</b>				
Project Number	0900-030-04-1000			
Grant Date	8/24/2005			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 363,919			
Decreased Authorized Cost	(53,010)			
Revised Authorized Cost	310,909			
Percentage Decrease under Original Authorized Cost 14%				
Percentage completion 100%				
Original target completion date 9/1/2005				
Revised target completion date N/A				

**CLIFTON BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT-  
BUDGETARY BASIS  
CONSTRUCTION OF CORRIDOR BRIDGE WALKWAY AT HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 2,417,380	_____	\$ 2,417,380	\$ 2,417,380
Total revenues	<u>2,417,380</u>	<u>-</u>	<u>2,417,380</u>	<u>2,417,380</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	2,226,576	\$ 24,880	2,251,456	2,251,456
Purchase Prof/Tech Services	<u>92,510</u>	_____	<u>92,510</u>	<u>92,510</u>
Total Expenditures	<u>2,319,086</u>	<u>24,880</u>	<u>2,343,966</u>	<u>2,343,966</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 98,294</u>	<u>\$ (24,880)</u>	<u>\$ 73,414</u>	<u>\$ 73,414</u>

**Additional project information:**

Project Number	0900-140-04-1000
Grant Date	N/A
Bond Authorization Date	12/12/2006
Bonds Authorized	\$ 2,417,380
Bonds Issued	2,417,000
Original Authorized Cost	2,417,380
Decrease Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Decrease under Original Authorized Cost	N/A
Percentage completion	52%
Original target completion date	12/31/2008
Revised target completion date	N/A

**ENTERPRISE FUNDS**

Non-Major

**CLIFTON BOARD OF EDUCATION  
ENTERPRISE FUNDS - NON-MAJOR  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Driver Education</u>	<u>Community School</u>	<u>Evening School for Foreign Born</u>	<u>Non-Major Enterprise Fund Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents				
Other Receivables	-	\$ 2,250	-	\$ 2,250
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	-	2,250	-	2,250
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>				
Cash Overdraft		2,250		2,250
Accounts Payable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	-	2,250	-	2,250
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>				
Unrestricted	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLIFTON BOARD OF EDUCATION  
ENTERPRISE FUND - NON-MAJOR  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Driver Education</u>	<u>Community School</u>	<u>Evening School for Foreign Born</u>	<u>Non-Major Enterprise Fund Total</u>
<b>OPERATING REVENUES</b>				
Local Sources				
Program Fees	\$ 43,505	\$ 289,910	\$ 11,320	\$ 344,735
Total Operating Revenues	<u>43,505</u>	<u>289,910</u>	<u>11,320</u>	<u>344,735</u>
 <b>OPERATING EXPENSES</b>				
Salaries and Wages	40,183	221,666	26,753	288,602
Purchased Property Services		73,298	-	73,298
Supplies and Materials	<u>3,322</u>	<u>6,007</u>	<u>760</u>	<u>10,089</u>
Total Operating Expenses	<u>43,505</u>	<u>300,971</u>	<u>27,513</u>	<u>371,989</u>
Operating Income/(Loss)	<u>-</u>	<u>(11,061)</u>	<u>(16,193)</u>	<u>(27,254)</u>
Net Income/(Loss) before Transfers	<u>-</u>	<u>(11,061)</u>	<u>(16,193)</u>	<u>(27,254)</u>
Transfers				
Transfer In	<u>-</u>	<u>11,061</u>	<u>16,193</u>	<u>27,254</u>
Change in Net Assets	-	-	-	-
Total Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CLIFTON BOARD OF EDUCATION  
ENTERPRISE FUND - NON-MAJOR  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Driver Education</u>	<u>Community School</u>	<u>Evening School for Foreign Born</u>	<u>Non-Major Enterprise Fund Total</u>
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 43,505	\$ 287,660	\$ 11,320	\$ 342,485
Cash Payments for Employees				
Salaries & Benefits	(40,183)	(221,666)	(26,753)	(288,602)
Cash Payments to Suppliers for Goods and Services	<u>(3,322)</u>	<u>(79,305)</u>	<u>(760)</u>	<u>(83,387)</u>
Net Cash Provided by (Used by) Operating Activities	<u>-</u>	<u>(13,311)</u>	<u>(16,193)</u>	<u>(29,504)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Cash Received from Other Funds	<u>-</u>	<u>11,061</u>	<u>16,193</u>	<u>27,254</u>
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>11,061</u>	<u>16,193</u>	<u>27,254</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	-	(2,250)	-	(2,250)
Cash and Cash Equivalents, Beginning of Year Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents (Overdraft), End of Year	<u>\$ -</u>	<u>\$ (2,250)</u>	<u>\$ -</u>	<u>\$ (2,250)</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	<u>\$ -</u>	<u>\$ (11,061)</u>	<u>\$ (16,193)</u>	<u>\$ (27,254)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities (Increase)/Decrease in Accounts Receivable	<u>-</u>	<u>(2,250)</u>	<u>-</u>	<u>(2,250)</u>
Total Adjustments	<u>-</u>	<u>(2,250)</u>	<u>-</u>	<u>(2,250)</u>
Net Cash Provided by (Used for) by Operating Activities	<u>\$ -</u>	<u>\$ (13,311)</u>	<u>\$ (16,193)</u>	<u>\$ (29,504)</u>

**EXHIBIT G-4**

**CLIFTON BOARD OF EDUCATION  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2010**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-5**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

THIS STATEMENT IS NOT APPLICABLE

**FIDUCIARY FUNDS**

**CLIFTON BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY NET ASSETS  
AS OF JUNE 30, 2010**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 433,805	\$ 517,987	\$ 951,792
Total Assets	<u>\$ 433,805</u>	<u>\$ 517,987</u>	<u>\$ 951,792</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 506,691	\$ 506,691
Accrued Salaries and Wages		347	347
Due to Other Funds		10,949	10,949
Due to Student Groups	\$ 393,248		393,248
Reserve for Auditorium Renovation	<u>40,557</u>	<u>-</u>	<u>40,557</u>
Total Liabilities	<u>\$ 433,805</u>	<u>\$ 517,987</u>	<u>\$ 951,792</u>

**COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

	<b>Balance, July 1, <u>2009</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2010</u></b>
<b>MIDDLE SCHOOLS</b>				
Woodrow Wilson	\$ 21,465	\$ 55,640	\$ 55,087	\$ 22,018
Christopher Columbus	<u>21,721</u>	<u>43,355</u>	<u>40,449</u>	<u>24,627</u>
Total Middle Schools	<u>43,186</u>	<u>98,995</u>	<u>95,536</u>	<u>46,645</u>
<b>HIGH SCHOOL</b>				
Clifton High School	<u>228,128</u>	<u>334,078</u>	<u>296,313</u>	<u>265,893</u>
<b>OTHER</b>				
Internal Account	67,272	234,291	182,912	118,651
Athletic Account	892	57,002	57,208	686
Athletic Hall of Fame Acct	<u>1,930</u>	<u>-</u>	<u>-</u>	<u>1,930</u>
Total Other	<u>70,094</u>	<u>291,293</u>	<u>240,120</u>	<u>121,267</u>
Total All Schools	<u>\$ 341,408</u>	<u>\$ 724,366</u>	<u>\$ 631,969</u>	<u>\$ 433,805</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Balance, July 1, <u>2009</u></b>	<b>Cash <u>Receipt</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2010</u></b>
Payroll Deductions and Withholdings	\$ 521,990	\$ 38,399,839	\$ 38,415,138	\$ 506,691
Accrued Salaries and Wages	9,766	53,090,913	53,100,332	347
Due to Other Funds	<u>21,395</u>	<u>525,925</u>	<u>536,371</u>	<u>10,949</u>
Total	<u>\$ 553,151</u>	<u>\$ 92,016,677</u>	<u>\$ 92,051,841</u>	<u>\$ 517,987</u>

**LONG-TERM DEBT**

CLIFTON BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2010</u>
Refunding Bonds	6/15/1998	6,520,000	8/1/2010	\$ 505,000	4.40%				
			8/1/2011	500,000	4.75%				
			8/1/2012	495,000	4.75%				
			8/1/2013	490,000	4.75%				
			8/1/2014	460,000	4.75%	\$ 2,965,000	\$	515,000	\$ 2,450,000
School Improvements	5/1/2002	7,982,000	5/1/2011	560,000	4.000%				
			5/1/2012	560,000	4.000%				
			5/1/2013	560,000	4.100%				
			5/1/2014	560,000	4.250%				
			5/1/2015	560,000	4.400%				
			5/1/2016	560,000	4.500%	4,492,000		560,000	3,932,000
			5/1/2017	572,000	4.500%				

CLIFTON BOARD OF EDUCATION  
LONG TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2010</u>
Refunding Bonds	9/15/2004	\$ 9,855,000	12/15/2010	\$ 895,000	2.60%				
			12/15/2011	875,000	3.00%				
			12/15/2012	860,000	3.50%				
			12/15/2013	850,000	4.25%				
			12/15/2014	845,000	5.00%				
			12/15/2015	840,000	4.00%				
			12/15/2016	835,000	5.00%				
			12/15/2017	825,000	3.70%				
			12/15/2018	810,000	3.75%	\$ 7,635,000		\$ 895,000	\$ 6,740,000
School Improvements	2/1/2005	11,149,000	3/1/2010-13	500,000	4.00%				
			3/1/2014	525,000	4.00%				
			3/1/2015	550,000	4.00%				
			3/1/2016-18	600,000	4.25%				
			3/1/2019	775,000	4.25%				
			3/1/2020	800,000	4.25%				
			3/1/2021-2024	825,000	4.25%	10,549,000		500,000	10,049,000
			3/1/2025	799,000	4.50%				
School Improvements	5/15/2007	2,417,000	5/1/2011	225,000	3.75%				
			5/1/2012	235,000	3.75%				
			5/1/2013	245,000	3.75%				
			5/1/2014	255,000	3.75%				
			5/1/2015	265,000	3.75%				
			5/1/2016	275,000	3.75%				
			5/1/2017	287,000	3.875%	2,007,000		220,000	1,787,000
						\$ 27,648,000	\$ -	\$ 2,690,000	\$ 24,958,000

**CLIFTON BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2009</u>	<u>Issued Current Year</u>	<u>Payments</u>	<u>Balance June 30, 2010</u>
2006 (5) Ford Cargo Vans	6.90%	\$ 100,845	\$ 27,920		\$ 22,171	\$ 5,749
2006 Student Transportation (1) 16 Passenger, (1) 40 Passenger and (1) 54 Passenger Buses	3.58%	190,322	39,379		39,379	-
2006 Ford Escape	6.90%	27,120	10,980		5,816	5,164
2007 Student Transportation	4.58%	143,960	36,759		36,759	-
2007 Ford F-350/Jeep Liberty	7.35%	53,268	27,887		10,977	16,910
2008 Student Transportation	4.00%	150,634	90,290		28,922	61,368
2009 Student Transportation - (2) 54 Passenger Buses (2) 16 Passenger Buses	4.08%	232,638	182,585		42,946	139,639
2009 F-350	6.80%	87,146	80,502		15,495	65,007
2010 (2) 54 Passenger Buses	4.78%	162,574	-	\$ 162,574	14,545	148,029
2010 (3) 16 Passenger Buses	4.78%	133,275	-	133,275	16,368	116,907
			<u>\$ 496,302</u>	<u>\$ 295,849</u>	<u>\$ 233,378</u>	<u>\$ 558,773</u>

**CLIFTON BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 2,924,278		\$ 2,924,278	\$ 2,924,278	
State Sources					
Debt Service Aid	<u>222,259</u>	<u>-</u>	<u>222,259</u>	<u>222,259</u>	<u>-</u>
Total Revenues	<u>3,146,537</u>	<u>-</u>	<u>3,146,537</u>	<u>3,146,537</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	2,690,000		2,690,000	2,690,000	
Interest	<u>1,116,352</u>	<u>-</u>	<u>1,116,352</u>	<u>1,116,352</u>	<u>-</u>
Total Expenditures	<u>3,806,352</u>	<u>-</u>	<u>3,806,352</u>	<u>3,806,352</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(659,815)</u>	<u>-</u>	<u>(659,815)</u>	<u>(659,815)</u>	<u>-</u>
Transfers					
Transfer In	<u>560,000</u>	<u>-</u>	<u>560,000</u>	<u>560,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources/ (Uses)	(99,815)	-	(99,815)	(99,815)	-
Fund Balances, Beginning of Year	<u>99,816</u>	<u>-</u>	<u>99,816</u>	<u>99,816</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</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 ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 6,847,130	\$ 20,604,913	\$ 25,790,618	\$ 30,775,120	\$ 33,383,517	\$ 39,274,156	\$ 42,503,225	\$ 42,797,060
Restricted	11,885,703	207,997	318,433	146,489	154,001	201,024	251,808	152,608
Unrestricted	(4,702,364)	972,164	(287,975)	3,208,553	861,866	(5,843,568)	(9,502,267)	(7,204,470)
<b>Total governmental activities net assets</b>	<b>\$ 14,030,469</b>	<b>\$ 21,785,074</b>	<b>\$ 25,821,076</b>	<b>\$ 34,130,162</b>	<b>\$ 34,399,384</b>	<b>\$ 33,631,612</b>	<b>\$ 33,252,766</b>	<b>\$ 35,745,198</b>
<b>Business-type activities</b>								
Invested in capital assets	\$ 151,963	\$ 129,936	\$ 109,226	\$ 89,258	\$ 104,352	\$ 100,099	\$ 97,834	\$ 134,696
Unrestricted	88,553	(107,084)	(183,169)	(37,366)	144,314	227,909	399,392	685,691
<b>Total business-type activities net assets</b>	<b>\$ 240,516</b>	<b>\$ 22,852</b>	<b>\$ (73,943)</b>	<b>\$ 51,892</b>	<b>\$ 248,666</b>	<b>\$ 328,008</b>	<b>\$ 497,226</b>	<b>\$ 820,387</b>
<b>District-wide</b>								
Invested in capital assets, net of related debt	\$ 6,999,093	\$ 20,734,849	\$ 25,899,844	\$ 30,864,378	\$ 33,487,869	\$ 39,374,255	\$ 42,601,059	\$ 42,931,756
Restricted	11,885,703	207,997	318,433	146,489	154,001	201,024	251,808	152,608
Unrestricted	(4,613,811)	865,080	(471,144)	3,171,187	1,006,180	(5,615,659)	(9,102,875)	(6,518,779)
<b>Total district net assets</b>	<b>\$ 14,270,985</b>	<b>\$ 21,807,926</b>	<b>\$ 25,747,133</b>	<b>\$ 34,182,054</b>	<b>\$ 34,648,050</b>	<b>\$ 33,959,620</b>	<b>\$ 33,749,992</b>	<b>\$ 36,565,585</b>

## Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
<b>Governmental activities</b>								
<b>Instruction</b>								
Regular	\$ 46,271,724	\$ 49,319,296	\$ 53,948,650	\$ 58,552,959	\$ 64,441,197	\$ 67,460,969	\$ 66,490,450	\$ 68,933,131
Special education	15,553,667	16,998,291	17,512,605	17,929,007	19,759,391	22,014,557	22,135,331	22,442,611
Other instruction	3,954,719	5,355,402	5,196,205	5,843,224	6,520,084	6,791,340	7,819,030	8,786,469
School Sponsored Activities and Athletics	1,099,738	1,154,529	1,297,316	1,466,108	1,609,940	1,695,298	1,812,413	1,821,826
<b>Support Services:</b>								
Student & instruction related services	14,432,793	14,335,424	16,490,601	17,142,470	18,476,650	19,256,879	20,063,190	19,866,468
Attendance and Social Work	243,033	235,473	275,233	322,234	356,703	376,159	382,552	400,485
Educational Media/School Library	2,406,869	2,797,505	3,021,073	3,240,944	3,379,492	3,495,426	3,485,013	3,332,302
School Administrative services	6,203,078	6,517,648	7,075,348	7,481,370	8,196,494	8,301,460	8,152,419	8,500,580
General administration	1,892,987	2,601,170	2,531,498	3,009,420	3,100,257	3,376,168	3,092,680	2,888,848
Central Services	1,650,773	1,708,111	2,271,440	2,368,487	2,783,984	2,742,118	2,509,388	2,614,709
Plant operations and maintenance	8,152,517	8,529,701	9,788,160	10,798,555	11,409,353	11,985,653	11,181,780	12,095,275
Pupil transportation	4,557,387	4,920,385	5,367,709	5,434,295	5,929,400	6,744,694	6,836,546	6,518,303
Interest on long-term debt	1,763,657	1,588,225	1,415,435	1,622,143	1,462,769	1,450,344	1,306,716	1,343,236
<b>Total governmental activities expenses</b>	<b>108,182,942</b>	<b>116,061,160</b>	<b>126,191,273</b>	<b>135,211,216</b>	<b>147,425,714</b>	<b>155,691,065</b>	<b>155,267,508</b>	<b>159,544,243</b>
<b>Business-type activities:</b>								
Food service	2,489,100	2,563,452	2,637,911	2,639,788	2,759,018	3,200,508	3,401,829	3,624,744
Other Non Major	215,660	206,678	226,375	213,350	215,424	243,358	287,938	371,989
<b>Total business-type activities expense</b>	<b>2,704,760</b>	<b>2,770,130</b>	<b>2,864,286</b>	<b>2,853,138</b>	<b>2,974,442</b>	<b>3,443,866</b>	<b>3,689,767</b>	<b>3,996,733</b>
<b>Total district expenses</b>	<b>\$110,887,702</b>	<b>\$118,831,290</b>	<b>\$ 129,055,559</b>	<b>\$ 138,064,354</b>	<b>\$ 150,400,156</b>	<b>\$ 159,134,931</b>	<b>\$ 158,957,275</b>	<b>\$ 163,540,976</b>
<b>Program Revenues</b>								
<b>Governmental activities:</b>								
<b>Charges for services:</b>								
Instruction (tuition)	\$ 272,367	\$ 145,775	\$ 34,415	\$ 32,423	\$ 118,770			\$ 163,840
Operating grants and contributions	22,332,995	23,559,193	25,228,575	25,989,927	30,167,740	\$ 32,559,368	\$ 25,354,325	30,279,308
Capital grants and contributions	1,621,224	3,928,523	304,722	2,802,673	-	1,145,327	3,664	50,469
<b>Total governmental activities program revenues</b>	<b>24,226,586</b>	<b>27,633,491</b>	<b>25,567,712</b>	<b>28,825,023</b>	<b>30,286,510</b>	<b>33,704,695</b>	<b>25,357,989</b>	<b>30,493,617</b>
<b>Business-type activities:</b>								
<b>Charges for services</b>								
Food service	\$ 1,709,748	\$ 1,781,423	\$ 1,933,771	\$ 1,757,550	\$ 1,663,818	\$ 1,723,341	\$ 1,722,265	\$ 1,738,352
Other Non Major	210,933	191,182	203,274	205,546	206,983	231,425	268,838	344,735
Operating grants and contributions	786,779	674,555	602,769	972,846	1,251,511	1,542,366	1,843,456	2,205,537
Capital grants and contributions								
<b>Total business type activities program revenues</b>	<b>2,707,460</b>	<b>2,647,160</b>	<b>2,739,814</b>	<b>2,935,942</b>	<b>3,122,312</b>	<b>3,497,132</b>	<b>3,834,559</b>	<b>4,288,624</b>
<b>Total district program revenues</b>	<b>\$ 26,934,046</b>	<b>\$ 30,280,651</b>	<b>\$ 28,307,526</b>	<b>\$ 31,760,965</b>	<b>\$ 33,408,822</b>	<b>\$ 37,201,827</b>	<b>\$ 29,192,548</b>	<b>\$ 34,782,241</b>
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (83,956,356)	\$(88,427,669)	\$ (100,623,561)	\$(106,386,193)	\$(117,139,204)	\$ (121,986,370)	\$(129,909,519)	\$ (129,050,626)
Business-type activities	2,700	(122,970)	(124,472)	82,804	147,870	53,266	144,792	291,891
<b>Total district-wide net expense</b>	<b>\$ (83,953,656)</b>	<b>\$(88,550,639)</b>	<b>\$ (100,748,033)</b>	<b>\$(106,303,389)</b>	<b>\$(116,991,334)</b>	<b>\$ (121,933,104)</b>	<b>\$(129,764,727)</b>	<b>\$(128,758,735)</b>

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

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>								
<b>Governmental activities:</b>								
Property taxes levied for general purposes, net	\$ 81,601,857	\$ 89,737,592	\$ 97,434,578	\$ 103,545,393	\$ 105,901,654	\$ 109,600,671	\$ 111,747,537	\$ 116,045,650
State Aid restricted for debt service	237,140	207,863	209,307	205,607	205,227	202,193	406,440	222,259
Unrestricted grants and contributions	4,111,892	5,418,705	5,999,608	9,193,993	9,335,015	9,842,006	16,188,770	14,534,014
Investment earnings								
Miscellaneous income	781,758	719,027	1,017,953	1,761,779	1,976,677	1,580,266	1,207,026	768,389
Transfers	194,503	99,087	(1,883)	(11,493)	(10,147)	(6,538)	(19,100)	(27,254)
<b>Total governmental activities</b>	<b>86,927,150</b>	<b>96,182,274</b>	<b>104,659,563</b>	<b>114,695,279</b>	<b>117,408,426</b>	<b>121,218,598</b>	<b>129,530,673</b>	<b>131,543,058</b>
<b>Business-type activities:</b>								
Investment earnings	6,752	4,393	25,794	31,538	38,757	19,538	5,326	4,016
Transfers	(194,503)	(99,087)	1,883	11,493	10,147	6,538	19,100	27,254
<b>Total business-type activities</b>	<b>(187,751)</b>	<b>(94,694)</b>	<b>27,677</b>	<b>43,031</b>	<b>48,904</b>	<b>26,076</b>	<b>24,426</b>	<b>31,270</b>
<b>Total district-wide</b>	<b>\$ 86,739,399</b>	<b>\$ 96,087,580</b>	<b>\$ 104,687,240</b>	<b>\$ 114,738,310</b>	<b>\$ 117,457,330</b>	<b>\$ 121,244,674</b>	<b>\$ 129,555,099</b>	<b>\$ 131,574,328</b>
<b>Change in Net Assets</b>								
Governmental activities	\$ 2,970,794	\$ 7,754,605	\$ 4,036,002	\$ 8,309,086	\$ 269,222	\$ (767,772)	\$ (378,846)	\$ 2,492,432
Business-type activities	(185,051)	(217,664)	(96,795)	125,835	196,774	79,342	169,218	323,161
<b>Total district</b>	<b>\$ 2,785,743</b>	<b>\$ 7,536,941</b>	<b>\$ 3,939,207</b>	<b>\$ 8,434,921</b>	<b>\$ 465,996</b>	<b>\$ (688,430)</b>	<b>\$ (209,628)</b>	<b>\$ 2,815,593</b>

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**CLIFTON BOARD OF EDUCATION**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST EIGHT FISCAL YEARS**  
(Unaudited)  
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 485,492	\$ 1,018,813	\$ 290,704	\$2,635,546	\$ 4,695,990	\$ 1,263,246	\$ 494,618	\$ 1,068,024
Unreserved	577,115	971,772	2,920,460	5,501,708	1,190,769	(68,936)	(1,658,837)	(480,504)
Total general fund	\$ 1,062,607	\$ 1,990,585	\$3,211,164	\$8,137,254	\$ 5,886,759	\$ 1,194,310	\$ (1,164,219)	\$ 587,520
All Other Governmental Funds								
Reserved	\$ 12,223,268	\$ 2,377,945	\$1,033,625	\$7,148,268	\$ 7,112,324	\$ 8,027,449		
Unreserved	(661,834)	1,547,122	6,511,087	1,152,431	3,244,549	1,466,827	\$ 1,031,298	\$ 192,067
Total all other governmental funds	\$ 11,561,434	\$ 3,925,067	\$7,544,712	\$8,300,699	\$ 10,356,873	\$ 9,494,276	\$ 1,031,298	\$ 192,067

## Note:

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

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>								
Tax levy	\$81,601,857	\$89,737,592	\$97,434,578	\$103,545,393	\$105,901,654	\$109,600,671	\$111,747,537	\$116,045,650
Tuition charges	272,367	145,775	34,415	32,423	118,770			
Interest earnings								
Miscellaneous	763,125	724,247	999,806	1,761,779	1,988,774	1,591,630	1,214,799	942,129
State sources	25,036,941	29,519,394	27,811,620	34,241,612	35,447,893	39,254,815	36,726,537	35,351,726
Federal sources	3,266,310	3,589,670	3,930,592	3,950,588	4,244,453	4,482,715	5,218,889	9,724,424
<b>Total revenue</b>	<b>110,940,600</b>	<b>123,716,678</b>	<b>130,211,011</b>	<b>143,531,795</b>	<b>147,701,544</b>	<b>154,929,831</b>	<b>154,907,762</b>	<b>162,063,929</b>
<b>Expenditures</b>								
<b>Instruction</b>								
Regular Instruction	45,278,621	48,795,079	52,636,314	56,509,944	62,838,866	65,563,194	64,804,238	67,689,412
Special education instruction	15,322,246	16,849,882	17,205,464	17,452,247	19,400,811	21,565,864	21,692,493	22,174,058
Other instruction	3,884,105	5,283,757	5,095,015	5,685,249	6,379,107	6,620,191	7,641,460	8,662,716
School sponsored activities and athletics	1,076,480	1,134,370	1,266,198	1,429,956	1,567,473	1,644,348	1,746,555	1,814,006
<b>Support Services:</b>								
Student & inst. related services	14,247,867	14,182,183	16,227,041	16,731,335	18,163,682	18,896,916	19,651,131	19,678,998
Attendance and Social Work	237,796	231,154	268,161	311,218	347,125	364,452	365,542	400,291
Educational Media/School Library	2,354,811	2,766,764	2,947,353	3,125,890	3,293,122	3,391,300	3,384,611	3,302,756
General administration	1,876,744	2,587,366	2,505,234	2,968,300	3,069,522	3,336,929	3,053,296	2,874,942
School administrative services	6,063,398	6,433,292	6,892,353	7,196,357	7,983,474	8,053,398	7,897,822	8,372,555
Central services	1,624,005	1,683,839	2,234,330	2,310,601	2,736,219	2,681,059	2,433,921	2,604,179
Plant operations and maintenance	8,027,186	8,452,525	9,616,117	10,532,546	11,197,551	11,706,754	10,830,205	12,089,328
Pupil transportation	4,515,142	4,894,990	5,302,435	5,332,205	5,850,266	6,645,269	6,690,712	6,516,614
Capital outlay	6,844,489	12,120,618	9,423,201	3,296,047	2,379,097	4,587,880	10,510,316	1,170,321
<b>Debt service:</b>								
Refunding bond issuance costs			134,047					
Principal	3,311,097	3,550,970	3,993,610	3,634,288	3,829,180	4,108,932	4,050,235	2,923,378
Interest and other charges	1,811,948	1,620,043	1,232,997	1,640,329	1,467,990	1,462,487	1,277,416	1,146,462
<b>Total expenditures</b>	<b>116,475,935</b>	<b>130,586,832</b>	<b>136,979,870</b>	<b>138,156,512</b>	<b>150,503,485</b>	<b>160,628,973</b>	<b>166,029,953</b>	<b>161,420,016</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(5,535,335)</b>	<b>(6,870,154)</b>	<b>(6,768,859)</b>	<b>5,375,283</b>	<b>(2,801,941)</b>	<b>(5,699,142)</b>	<b>(11,122,191)</b>	<b>643,913</b>

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

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Other Financing sources (uses)</b>								
Proceeds from borrowing			\$ 11,149,000		\$ 2,417,000			
Capital leases (non-budgeted)	\$ 39,995	\$ 62,678	295,156	\$ 318,287	197,228	\$ 150,634	\$ 319,784	\$ 295,849
Cancellation of prior years liability	18,633							
Accrued interest			18,147		3,539			
Refunding bonds issued			10,158,254					
Payment to refunded bond escrow agent			(10,009,591)					
Transfers in	1,263,968	1,294,094	672,930	239,932	251,676	616,819	52,356	571,829
Transfers out	(1,069,465)	(1,195,007)	(674,813)	(251,425)	(261,823)	(623,357)	(71,456)	(599,083)
<b>Total other financing sources (uses)</b>	<u>253,131</u>	<u>161,765</u>	<u>11,609,083</u>	<u>306,794</u>	<u>2,607,620</u>	<u>144,096</u>	<u>300,684</u>	<u>268,595</u>
<b>Net change in fund balances</b>	<u>\$ (5,282,204)</u>	<u>\$ (6,708,389)</u>	<u>\$ 4,840,224</u>	<u>\$ 5,682,077</u>	<u>\$ (194,321)</u>	<u>\$ (5,555,046)</u>	<u>\$ (10,821,507)</u>	<u>\$ 912,508</u>
<b>Debt service as a percentage of noncapital expenditures</b>	4.67%	4.36%	4.10%	3.91%	3.58%	3.57%	3.43%	2.54%

\* Noncapital expenditures are total expenditures less capital outlay.

**Note:**

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

<b>Fiscal Year Ended June 30,</b>	<b>Interest Earned</b>	<b>Book Fines</b>	<b>Rentals</b>	<b>Refund P/Y Expend</b>	<b>Tuition</b>	<b>E-Rate Refund</b>	<b>Miscellaneous</b>	<b>Total</b>
2001	\$ 1,157,083	\$ 6,121	\$ 59,920	\$ 208,849			\$ 174,720	\$ 1,606,693
2002	503,251	13,471	137,513	30,220			254,399	938,854
2003	176,666		164,950	25,039			2,581,135	2,947,790
2004	158,816	13,716	188,257	269,338			43,279	673,406
2005	369,018	10,582	188,685	168,596		\$ 145,960	10,582	893,423
2006	831,307	12,607	186,449	73,515		170,649	247,320	1,521,847
2007	1,210,888	8,655	188,237	68,598		160,636	87,987	1,725,001
2008	784,780	7,029	183,807	75,546	\$ 61,273	178,066	12,846	1,303,347
2009	186,043	4,160	118,630	322,385	172,981	231,814	118,657	1,154,670
2010	89,846	11,042	95,367	211,741	173,839	297,693	40,872	920,400

**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 <sup>a</sup>
2001	\$ 55,491,500	\$ 3,501,296,400	\$ 673,000	\$ 15,000	\$ 708,191,500	\$663,569,500	\$ 132,870,000	\$ 5,062,106,900	\$12,917,980	\$ 5,075,024,880	\$5,586,081,329	\$ 1.509
2002	74,552,500	3,534,800,000	688,000	15,000	741,593,400	646,959,700	133,320,300	5,131,928,900	12,297,449	5,144,226,349	6,174,102,382	1.577
2003	67,608,100	3,563,270,400	688,000	15,000	743,399,500	672,134,300	134,490,300	5,181,605,600	11,662,023	5,193,267,623	6,982,246,463	1.738
2004	62,575,800	3,617,852,900	622,500	15,000	760,817,200	663,763,300	134,843,500	5,240,492,200	9,984,407	5,250,476,607	8,037,541,718	1.856
2005	56,024,100	3,658,481,800	622,900	15,400	759,652,800	653,947,700	133,033,700	5,263,778,400	8,432,890	5,272,211,290	9,039,606,732	1.966
2006	50,982,900	3,682,556,500	275,600	11,300	734,930,000	651,736,500	134,394,400	5,254,887,200	7,226,110	5,262,113,310	9,161,201,465	2.014
2007	48,668,900	3,710,979,000	264,300	11,300	738,047,000	641,444,900	133,743,700	5,273,159,500	5,239,481	5,279,398,981	10,542,328,040	2.080
2008	52,923,000	3,745,403,300	-	11,600	744,422,200	654,379,500	132,588,300	5,311,727,900	6,318,889	5,318,046,789	11,202,963,533	2.101
2009	44,246,800	3,746,058,100	-	11,600	769,762,700	625,859,000	132,718,500	5,318,656,700	7,719,425	5,326,376,125	10,603,973,970	2.179
2010	48,270,200	3,744,605,200	-	11,600	761,627,100	615,699,100	138,332,200	5,308,545,400	9,599,427	5,318,144,827	11,366,889,723	2.217

Source: County Abstract of Rates

<sup>a</sup> 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)**

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Municipality</u>	<u>County</u>	
2001	\$ 1.509	\$ 0.737	\$ 0.624	\$ 2.87
2002	1.577	0.756	0.687	3.02
2003	1.738	0.810	0.712	3.26
2004	1.856	0.866	0.758	3.48
2005	1.966	0.956	0.818	3.74
2006	2.014	1.023	0.913	3.95
2007	2.080	1.123	0.987	4.19
2008	2.101	1.123	1.077	4.301
2009	2.179	1.264	1.074	4.516
2010	2.217	1.351	1.083	4.651

Source: County Abstract of Ratables

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

Taxpayer	2010		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman La Roche	\$ 132,000,500	2.48%	NOT AVAILABLE	
Clifton Commons, LLC	40,841,100	0.77%		
Castleton Assoc. LLC	40,501,500	0.76%		
Public Service	32,678,500	0.61%		
Morris Clifton Assoc. LLC	23,950,000	0.45%		
Country Club Towers I & II LLC	23,581,900	0.44%		
ITT Industries Inc.	20,098,100	0.38%		
Styertowne Shopping Center	19,607,600	0.37%		
Clifpass Development	16,686,100	0.31%		
Target Corp	15,659,400	0.29%		
	<u>\$ 365,604,700</u>	<u>0.00%</u>	<u>\$ -</u>	<u>0.00%</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	
2001	\$ 68,530,244	\$ 68,530,244	100.00%	-
2002	72,526,056	72,526,056	100.00%	-
2003	81,601,857	81,601,857	100.00%	-
2004	89,737,592	89,737,592	100.00%	-
2005	97,434,578	97,434,578	100.00%	-
2006	103,545,393	103,545,393	100.00%	-
2007	105,901,654	105,901,654	100.00%	-
2008	109,600,671	109,600,671	100.00%	-
2009	111,747,537	111,747,537	100.00%	-
2010	116,045,650	116,045,650	100.00%	-

**CLIFTON BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST EIGHT FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2003	\$ 34,583,000	\$1,043,750	\$ 35,626,750	78,785	\$ 450
2004	31,573,000	835,458	32,408,458	78,345	411
2005	39,527,000	837,004	40,364,004	78,325	511
2006	36,217,000	831,003	37,048,003	78,057	475
2007	35,179,000	654,051	35,833,051	77,762	461
2008	31,379,000	495,753	31,874,753	77,811	406
2009	27,648,000	496,302	28,144,302	78,224	360
2010	24,958,000	558,773	25,516,773	78,224	326

Source: District records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2001	\$ 32,321,000		\$ 32,321,000	0.64%	408
2002	37,898,000		37,898,000	0.74%	480
2003	34,853,000		34,853,000	0.67%	442
2004	31,573,000		31,573,000	0.60%	403
2005	39,527,000		39,527,000	0.75%	505
2006	36,217,000		36,217,000	0.69%	464
2007	35,179,000		35,179,000	0.67%	452
2008	31,379,000	\$ 399,815	30,979,185	0.58%	398
2009	27,648,000	99,816	27,548,184	0.52%	352
2010	24,958,000	1	24,957,999	0.47%	319

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, 2009**  
**(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Board of Education	\$ 26,242,909		\$ 26,242,909
City	<u>75,358,482</u>	<u>\$ 3,641,254</u>	<u>71,717,228</u>
	<u>\$ 101,601,391</u>	<u>\$ 3,641,254</u>	97,960,137
Overlapping Debt Apportioned to the Municipality:			
Passaic County:			
County of Passaic (A)			69,860,364
Passaic County Utilities Authority- Solid Waste (2); (A)			12,139,218
Passaic Valley Sewerage Commission (B)			16,433,049
Passaic Valley Water Commission (B)			18,987,606
North Jersey District Water Supply Commission (B)			<u>2,259,056</u>
Total Direct and Overlapping Debt			<u>\$ 217,639,430</u>

## Source:

(1) City's 2009 Annual Debt Statement

(A) The debt for this entity was apportioned to the City by dividing the municipality's 2009 equalized value by the total 2009 equalized value for Passaic County.

(B) The debt was computed based upon proportion of usage

CLIFTON BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 194,917,475	\$ 199,509,835	\$ 209,726,629	\$ 225,931,228	\$ 249,899,069	\$ 282,585,208	\$ 320,791,932	\$ 406,901,847	\$ 435,569,120	\$ 438,582,493
Total net debt applicable to limit	<u>35,696,718</u>	<u>32,324,718</u>	<u>42,814,781</u>	<u>34,853,000</u>	<u>31,583,298</u>	<u>39,537,846</u>	<u>36,221,529</u>	<u>31,383,909</u>	<u>27,652,909</u>	<u>24,962,909</u>
Legal debt margin	<u>\$ 159,220,757</u>	<u>\$ 167,185,117</u>	<u>\$ 166,911,848</u>	<u>\$ 191,078,228</u>	<u>\$ 218,315,771</u>	<u>\$ 243,047,362</u>	<u>\$ 284,570,403</u>	<u>\$ 375,517,938</u>	<u>\$ 407,916,211</u>	<u>\$ 413,619,584</u>
Total net debt applicable to the limit as a percentage of debt limit	18.31%	16.20%	20.41%	15.43%	12.64%	13.99%	11.29%	7.71%	6.35%	5.69%

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis	
2009	\$ 10,588,605,813
2008	11,189,652,201
2007	11,115,428,963
	<u>\$ 32,893,686,977</u>
Average equalized valuation of taxable property	\$ 10,964,562,326
Debt limit (4 % of average equalization value)	438,582,493
Total Net Debt Applicable to Limit	<u>24,962,909</u>
Legal debt margin	<u>\$ 413,619,584</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>
2000	79,081	\$ 30,467	3.30%
2001	79,151	31,746	3.70%
2002	79,009	32,313	4.90%
2003	78,785	32,807	5.10%
2004	78,345	33,721	3.90%
2005	78,325	35,699	4.60%
2006	78,057	38,392	4.90%
2007	77,762	40,845	4.70%
2008	77,811	42,354	6.00%
2009	78,224	N/A	7.40%

Source: New Jersey State Department of Labor and Workforce Development

N/A - Not Available

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

Employer	2010		2001	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	552	562	565	617	636	638	657	665	684	659
Special education	105	127	128	139	142	136	134	143	135	120
Other special education	56	70	57	53	45	40	62	50	50	52
Vocational										
Other instruction	51	57	63	63	60	61	61	61	11	13
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	140	148	151	160	180	176	163	163	166	166
General administration	7	7	7	9	9	9	9	9	10	8
School administrative services	71	72	73	75	76	76	76	76	76	78
Other administrative services										
Central services	16	17	17	18	17	17	17	17	17	16
Administrative Information Technology	2	2	2	2	2	3	3	3	3	3
Plant operations and maintenance	90	91	92	93	99	100	100	100	98	98
Pupil transportation	36	40	40	41	47	47	44	42	44	47
Other support services	28	31	28	29	33	33	33	33	43	55
Special Schools										
Food Service	29	27	26	27	26	25	22	22	21	15
Child Care										
<b>Total</b>	<b>1,183</b>	<b>1,251</b>	<b>1,249</b>	<b>1,326</b>	<b>1,372</b>	<b>1,361</b>	<b>1,381</b>	<b>1,384</b>	<b>1,358</b>	<b>1,330</b>

Source: District Personnel Records

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

Fiscal Year	Teacher/Pupil Ratio										Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)				
2001	9,678	\$ 87,973,330	\$ 9,090	1.51%	655	11.20	9.70	11.70	9,678	9,191	3.30%	94.97%	
2002	9,962	98,387,835	9,876	8.65%	691	11.20	9.70	11.70	9,962	9,462	2.93%	94.98%	
2003	10,311	104,331,198	10,118	2.45%	698	12.88	11.96	13.71	10,311	9,800	3.50%	95.04%	
2004	10,316	113,092,516	10,963	8.35%	725	11.52	11.06	13.06	10,316	9,806	0.05%	95.06%	
2005	10,336	122,196,015	11,822	7.84%	782	11.19	11.12	12.93	10,336	9,804	0.19%	94.85%	
2006	10,366	129,585,848	12,501	5.74%	786	14.71	11.62	12.65	10,336	9,859	0.29%	95.39%	
2007	10,349	142,827,218	13,801	10.40%	791	12.62	12.29	14.48	10,349	9,830	0.13%	94.99%	
2008	10,524	150,469,674	14,298	3.60%	808	13.57	12.12	12.61	10,426	9,865	0.74%	94.62%	
2009	10,452	150,191,986	14,370	0.50%	819	14.27	11.79	12.39	10,452	9,859	0.25%	94.33%	
2010	10,731	156,179,855	14,534	1.28%	779	14.04	12.16	14.82	10,731	10,169	2.67%	94.76%	

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.

EXHIBIT J-18

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

District Building	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Elementary</b>										
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	275	262	256	245	240	281	274	281	277	290
School No. 2 (1930)										
Square Feet	60,660	60,660	60,660	60,660	60,660	60,660	60,660	60,660	60,660	60,660
Capacity (students)	339	339	339	339	339	339	339	339	339	339
Enrollment <sup>a</sup>	405	393	401	376	378	372	357	355	389	428
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	244	254	234	253	250	251	256	269	273	285
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	166	167	156	157	131	171	172	174	158	151
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 <sup>a</sup>	307	338	346	332	324	324	330	340	342	367
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	209	215	181	189	199	188	188	198	202	219
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	329	310	315	313	284	257	273	274	288	309
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 <sup>a</sup>	457	483	513	525	412	412	422	445	464	469
School No. 12 (1910)										
Square Feet	69,696	69,696	69,696	69,696	69,696	69,696	69,696	69,696	69,696	69,696
Capacity (students)	441	441	441	441	441	441	441	441	441	441
Enrollment	752	737	755	732	564	568	609	581	577	585

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>District Building (Continued)</b>										
<b>Elementary (Continued)</b>										
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 <sup>a</sup>	420	388	423	390	385	409	382	400	424	440
School No. 14 (1953)										
Square Feet	39,815	39,815	39,815	39,815	39,815	39,815	39,815	39,815	39,815	39,815
Capacity (students)	267	267	267	267	267	267	267	267	267	267
Enrollment	273	272	294	296	287	282	269	279	293	38
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	386	412	437	454	394	345	320	347	332	345
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 <sup>a</sup>	197	206	226	228	225	222	231	239	245	235
School No. 17 (2004)										
Square Feet					92,312	92,312	92,312	92,312	92,312	92,312
Capacity (students)					623	623	623	623	623	623
Enrollment					414	510	514	527	532	554
<b>Middle School</b>										
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	980	1,152	1,301	1,287	1,300	1,273	1,221	1,238	1,193	1,153
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	1,248	1,226	1,223	1,245	12,214	1,190	1,187	1,154	1,224	1,303
<b>High School</b>										
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	3,097	3,146	3,250	3,291	3,336	3,313	3,346	3,423	3,239	2,819

EXHIBIT J-18

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other										
Administration Building		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Square Feet	40,000									
CHS Annex-290 Brighton Road										
Square Feet					70,000	70,000	70,000	70,000	70,000	70,000
Capacity (students)					500	500	500	500	500	500
Enrollment										472
Stadium										
Square Feet	503,118	503,118	503,118	503,118	503,118	503,118	503,118	503,118	503,118	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, 2010										
Elementary										14
Middle School										2
Senior High School										<u>1</u>
										<u>17</u>

Source: District Records

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

SCHOOL FACILITIES	PROJECT #	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Board of Education Building											
Clifton Stadium											
Transportation							2,424	10,209	51,559	31,604	20,398
Clifton High School	N/A	\$ 281,831	\$ 270,603	\$ 279,512	\$ 342,979	\$ 316,149	353,390	322,251	311,069	308,167	222,784
Woodrow Wilson Middle School	N/A	116,061	111,437	115,660	141,101	144,388	151,649	141,714	141,223	104,258	117,121
Christopher Columbus Middle School	N/A	99,621	95,652	98,793	103,165	124,289	128,932	114,979	115,536	118,698	84,449
School No. 1	N/A	25,926	24,893	28,915	36,479	32,091	36,656	38,920	33,037	35,471	24,513
School No. 2	N/A	49,092	47,136	48,192	46,367	53,635	58,299	61,185	58,220	51,582	49,520
School No. 3	N/A	37,499	36,005	38,553	40,881	42,603	45,721	49,094	47,843	45,384	41,583
School No. 4	N/A	17,303	16,613	19,278	16,567	21,286	23,929	29,245	23,074	23,860	20,380
School No. 5	N/A	40,178	38,577	38,553	38,876	47,842	57,245	52,160	49,159	41,618	42,630
School No. 8	N/A	22,522	21,626	19,277	26,751	23,376	28,949	35,206	27,983	28,622	23,242
School No. 9	N/A	42,266	40,582	38,553	40,292	46,722	52,866	54,720	47,676	45,470	36,627
School No. 11	N/A	46,086	44,250	48,192	42,493	52,036	54,923	62,025	50,968	58,837	44,086
School No. 12	N/A	56,405	54,158	57,830	54,732	58,086	63,988	62,613	72,111	59,797	49,556
School No. 12 Annex	N/A	8,093	7,771	7,227	7,506	7,921	8,159	8,455	9,814	8,396	62,488
School No. 13	N/A	42,456	40,764	38,553	42,923	50,639	56,362	53,559	57,641	55,918	52,299
School No. 14	N/A	32,222	30,939	28,915	30,486	38,361	40,193	45,890	40,390	35,097	30,573
School No. 15	N/A	28,698	27,554	28,915	36,661	41,482	40,308	43,887	33,620	37,375	26,245
School No. 16	N/A	30,507	29,291	28,915	44,395	33,849	47,030	46,302	44,890	39,429	35,156
School No. 17	N/A	N/A	N/A	N/A	N/A	84,564	92,951	118,746	123,687	108,406	86,965
<b>GRAND TOTAL</b>		<b>\$ 976,766</b>	<b>\$ 937,851</b>	<b>\$ 963,833</b>	<b>\$ 1,092,654</b>	<b>\$ 1,221,319</b>	<b>\$ 1,344,897</b>	<b>\$ 1,374,317</b>	<b>\$ 1,418,940</b>	<b>\$ 1,305,368</b>	<b>\$ 1,138,213</b>

Source: District Records

Note:  
Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore, ten years of data is not required or available.

**CLIFTON BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2010  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Package Policy - Zurich Insurance Company		
Policy CPO370159801		
<u>Property and Casualty</u>		
Building & Contents Including Equipment Breakdown	\$ 236,450,912	\$ 5,000
Commercial General Liability	1,000,000	N/A
Boiler & Machinery Blanket Property Limit	100,000,000	1,000
Crime- Blanket Employee Dishonesty	500,000	5,000
Forgery or Alteration	50,000	1,000
Form C- Loss Inside & Outside Money & Securities	50,000	1,000
Computer Fraud	50,000	1,000
Earthquake- Blanket coverage	5,000,000	5% of Limit
Flood (Outside Zones A,V or B)	5,000,000	50,000
(Zone B)	2,000,000	100,000
(Zone A or V)	1,000,000	5,000,000
Commercial Automobile	1,000,000	
Towing & Labor		25
Comprehensive & Collision		1,000
 <u>Commercial Umbrella- American Alternative Ins. Co.</u>	 Limit	 Retention
<u>Policy 60A2UB000100401</u>	9,000,000	10,000
 <u>Excess Liability- Fireman's Fund</u>	 50,000,000	 10,000
<u>Policy SHX-000-6940-1388</u>		
 <u>School Board Legal Liability E&amp;O - Darwin National Assurance</u>	 Limit	 Deductible
<u>Policy - 0202-0852</u>	1,000,000	25,000
<u>Includes Personal Injury Extension</u>		
 <u>Public Official Bonds-Hartford Fidelity Bonding</u>		
13SBBD0888 Raymond Jacobus - Treasurer	525,000	N/A
13SBBU3973 Karen Perkins - BA/BS	10,000	N/A
13SBBU3966 G. Harriet Schuster - Student Activity Fund Director	50,000	N/A
13BSBFJ3487 B. Jursca - Asst. BA	10,000	N/A
 <u>Accidental Death &amp; Dismemberment - Unum</u>		
<u>Policy - BTA 37350</u>		
Principal Sum	100,000	N/A
Aggregate	500,000	N/A

**CLIFTON BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2010  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>Environmental Impairment Liability-Site Specific-American Cas. Ins. Co.</u>		
<i>Claims Made From</i>	Limit	Deductible
<i>Policy - EIL-004059-08-09</i>		
Each Occurrence	\$ 1,000,000	
Aggregate	3,000,000	\$ 15,000
Program Aggregate	20,000,000	
<u>Flood - American Bankers Ins Co of Florida</u>		
<i>Policy - 2044194300</i>	Limit	Deductible
School #16 - Building - 755 Grove St	105,000	1,000
Contents	25,000	1,000
<u>Flood - FEMA</u>		
<i>National Flood Insurance Program</i>		
<i>Policy - 2031428846</i>		
Christopher Columbus Middle School - Building	242,000	500
Contents	146,800	500
<u>Student Accident - Peoples Benefit Life Ins. Co.</u>		
<i>Policy-20441943000</i>		
P906 Interscholastic Sports		
Maximum Benefit Student Accident	500,000	N/A

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA

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

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

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, 2010, which collectively comprise the Clifton Board of Education's basic financial statements and have issued our report thereon dated November 23, 2010. 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 Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clifton Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clifton Board of Education's internal control over financial reporting.

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 Clifton Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clifton Board of Education's financial statements are free of 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 Division of Finance, Department of Education, State of New Jersey.

However, we noted certain matters that we have reported to management of the Clifton Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 23, 2010.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 23, 2010

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA  
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RALPH M. PICONE, CPA, RMA, PSA

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

### Compliance

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) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Clifton Board of Education's major federal and state programs for the fiscal year ended June 30, 2010. 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. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Clifton Board of Education's management. Our responsibility is to express an opinion on Clifton Board of Education's compliance based on our audit.

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 Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 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. Our audit does not provide a legal determination on Clifton Board of Education's compliance with those requirements.

In our opinion, Clifton Board of Education complied, in all material respects, with the 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, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying findings and questioned costs as item 2010-1.

### Internal Control Over Compliance

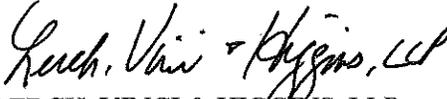
Management of Clifton Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Clifton Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 Board's internal control over compliance.

A deficiency in internal control over compliance 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's response and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 23, 2010

CLIFTON BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal CFDA Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment (1)	Refund of Prior Years' Balances	(Accounts Receivable)	Balance, June 30, 2010 Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>												
<b>General Fund</b>												
84.394	N/A	7/1/09-6/30/10	\$ 3,153,387	-	-	\$ 3,153,387	\$ 3,153,387	-	-	-	-	-
84.397	N/A	7/1/09-6/30/10	122,072	-	-	122,072	122,072	-	-	-	-	-
93.778	N/A	7/1/09-6/30/10	240,676	-	-	240,676	240,676	-	-	-	-	-
Total General Fund												
<b>U.S. Department of Agriculture</b>												
<b>Passed-Through State Dept. of Education</b>												
10.550	N/A	7/1/09-6/30/10	149,741	10,015	-	149,741	146,298	-	-	\$ 3,443	-	-
10.550	N/A	7/1/08-6/30/09	157,904	-	-	157,904	10,015	-	-	-	-	-
10.553	N/A	7/1/09-6/30/10	221,722	(39,981)	-	200,746	221,722	-	\$ (20,976)	-	-	-
10.553	N/A	7/1/08-6/30/09	185,162	-	-	39,981	-	-	-	-	-	-
10.555	N/A	7/1/09-6/30/10	1,691,662	(277,569)	-	1,576,148	1,691,662	-	-	(115,514)	-	-
10.555	N/A	7/1/08-6/30/09	1,418,399	-	-	277,569	-	-	-	-	-	-
10.579	N/A	7/1/09-6/30/10	12,840	-	-	12,840	12,840	-	-	-	-	-
10.582	N/A	7/1/09-6/30/10	31,470	-	-	27,168	31,470	-	-	(4,302)	-	-
Total Enterprise Funds												
<b>U.S. Department of Education</b>												
<b>Passed-Through State Dept. of Education</b>												
84.010A	NCLBCV-090010	9/1/09-8/31/10	2,095,253	(307,535)	-	2,284,193	2,114,007	-	-	(140,792)	3,443	-
84.010A	NCLBCV-090009	9/1/08-8/31/09	2,188,291	(1,609,342)	-	752,081	1,481,976	-	3,114	(1,343,172)	613,277	-
84.389	ARRA-090010	9/1/09-8/31/10	1,692,803	-	-	203,580	627,225	-	-	(1,489,223)	1,065,578	-
84.010A	NCLBCV-090010	9/1/09-8/31/10	45,908	-	\$ 15,032	-	-	-	-	(45,908)	60,940	-
84.010A	NCLBCV-090009	9/1/09-8/31/10	51,350	20,455	(15,032)	5,135	56,772	-	-	(46,214)	23,823	-
84.388	ARRA-090010	9/1/09-8/31/10	23,823	-	-	75,000	75,000	-	-	(320,559)	59,020	-
84.010A	NCLBCV-090010	9/1/09-8/31/10	75,000	-	-	91,381	352,920	-	5,358	(21,003)	19,360	-
84.367A	NCLBCV-090010	9/1/09-8/31/10	411,940	(258,064)	-	410,057	157,351	-	-	(79,138)	106,972	-
84.367A	NCLBCV-090009	9/1/08-8/31/09	21,003	-	-	1,643	16,298	-	101	(5,438)	-	-
84.318X	NCLBCV-090010	9/1/09-8/31/10	18,186	(1,989)	-	12,748	16,298	-	-	(58,614)	17,494	-
84.365A	NCLBCV-090010	9/1/08-8/31/09	134,992	(75,135)	-	55,834	28,020	-	-	(2,546,762)	920,994	-
84.365A	NCLBCV-090009	9/1/08-8/31/09	162,466	46,014	-	120,800	106,966	-	2,687	(534,837)	43,777	-
84.365A	NCLBCV-090008	9/1/07-8/30/08	181,841	-	-	46,094	46,094	-	80	(29,813)	-	-
84.186A	NCLBCV-090010	9/1/09-8/31/10	40,939	(29,006)	-	45,135	18,364	-	2,235	(3,025,114)	2,721,703	-
84.186A	NCLBCV-090009	9/1/08-8/31/09	45,135	-	-	1,625,768	793,477	-	(2,258)	(55,217)	37,508	-
84.027	FT-0900-10	9/1/09-8/31/10	2,554,336	(1,714,824)	-	2,019,499	303,411	-	-	(109,090)	109,090	-
84.027	FT-0900-09	9/1/08-8/31/09	3,025,114	-	-	27,699	43,408	-	-	-	-	-
84.931	ARRA-090010	9/1/09-8/31/10	80,916	(46,586)	-	67,563	9,705	-	(1,219)	-	-	-
84.173	PS-0900-10	9/1/09-8/31/10	67,563	-	-	89,549	89,549	-	-	-	-	-
84.173	PS-0900-09	9/1/08-8/31/09	109,090	-	-	84,762	-	-	-	-	-	-
84.932	ARRA-090010	9/1/09-8/31/10	89,549	(84,762)	-	84,762	-	-	-	-	-	-
84.243A	PERK219010	9/1/09-8/31/10	89,549	-	-	84,762	-	-	-	-	-	-
84.243A	PERK219009	7/1/08-6/30/09	84,762	-	-	-	-	-	-	-	-	-
Total Special Revenue Fund												
<b>Total</b>												
Total												
Total												
Total												

(1) Adjustments reflect cancellations of prior year orders and other adjustments pertaining to prior year

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, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2009		Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2010		Memo Only	
				(Accounts Receivable)	Deferred Revenues						(Account Receivable)	Deferred Revenue	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>														
Equalization Aid	09-495-034-5120-078	7/1/08-6/30/09	\$ 17,708,007	\$ (1,566,970)			\$ 1,566,970							
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	14,776,511			12,967,044	\$ 14,776,511							\$ 14,776,511
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	1,335,763	(116,938)		1,169,338								1,335,763
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	1,352,753			1,217,718	1,352,753							1,352,753
Special Education, Categorical Aid	09-495-034-5120-089	7/1/08-6/30/09	5,802,037	(514,527)		5,419,435								5,802,037
Special Education, Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	6,013,588			5,419,435	6,013,588							6,013,588
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	1,672,116	(140,326)		1,402,226								1,672,116
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	2,016,819			1,854,777	2,016,819							2,016,819
Extraordinary Aid	09-100-034-5120-475	7/1/08-6/30/09	856,922	(856,922)		856,922								856,922
Extraordinary Aid	10-100-034-5120-475	7/1/09-6/30/10	578,961			195,054	578,961							578,961
Non-Public Transportation Aid	N/A		195,054	(195,054)										
Non-Public Transportation Aid	N/A		108,218				108,218							108,218
TPAF Pension and Annuity Aid	10-495-034-5095-006	7/1/09-6/30/10	225,707			225,707	225,707							225,707
TPAF Pension and Annuity Aid- Post Retirement Medical	10-495-034-5095-001	7/1/09-6/30/10	4,239,092			4,239,092	4,239,092							4,239,092
TPAF Social Security Aid	09-495-034-5095-002	7/1/08-6/30/09	248,884	(248,884)		248,884								248,884
TPAF Social Security Aid	10-495-034-5095-002	7/1/09-6/30/10	4,899,361			4,899,361	4,899,361							4,899,361
<b>Total General Fund</b>				(3,639,621)		34,462,755	34,211,010				(3,287,876)		(108,218)	34,211,010
<b>CHIPRA - NJ Family Care Outreach</b>														
New Jersey Nonpublic Aid	N/A	7/1/09-6/30/10	76,000			28,000	10,500				(48,000)	\$ 65,500		10,500
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	101,036			101,036	100,600							100,600
Textbook Aid	09-100-034-5120-064	7/1/08-6/30/09	135,540		2,062									135,540
Nursing Services	10-100-034-5120-070	7/1/09-6/30/10	118,270		1,670		118,270							118,270
Technology Aid	09-100-034-5120-373	7/1/08-6/30/09	94,800					1,670						
Auxiliary Services	10-100-034-5120-067	7/1/09-6/30/10	788,871			788,871	304,394							304,394
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	831,101		205,626			205,626						831,101
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	142,884		36,540		142,884							142,884
English as a Second Language	09-100-034-5120-067	7/1/08-6/30/09	171,515			6,221		36,540						171,515
English as a Second Language	10-100-034-5120-068	7/1/09-6/30/10	154,656			154,656	154,656							154,656
Home Instruction														
Transportation														
<b>State Department of Education</b>														
Handicapped Services	10-100-034-5120-066	7/1/09-6/30/10	183,330			183,330	108,217							108,217
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	177,256		24,461			24,461						177,256
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	146,163		9,765		146,163							146,163
Corrective Speech	09-100-034-5120-066	7/1/08-6/30/09	142,911			150,525		9,765						142,911
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	150,525				79,428							150,525
Supplemental Instruction	09-100-034-5120-066	7/1/08-6/30/09	160,244		45,017			45,017						160,244
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10												
<b>Total Special Revenue Fund</b>				(6,221)		1,819,936	1,002,432	325,141			(48,000)	65,500		1,002,432
<b>State of New Jersey Educational Facilities Construction and Financing</b>														
High School Annex	SP 0900-030-05-1000	N/A	4,004,000	(3,983,980)		3,203,200					(780,780)		(780,780)	
<b>Total Capital Projects Fund</b>				(3,983,980)		3,203,200					(780,780)		(780,780)	
<b>State Department of Education</b>														
Debt Service Aid, Type II	10-100-034-5120-125	7/1/09-6/30/10	222,259			222,259	222,259							222,259
<b>Total Debt Service Fund</b>						222,259	222,259							222,259

CLIFTON BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2009		Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Account Receivable)	Balance, June 30, 2010	Due to Grantor	Memo Only	
				(Accounts Receivable)	Deferred Revenue								GAAP Receivable	Cumulative Total Expenditures
State Department of Agriculture														
School Breakfast Program	10-100-010-3350-021	7/1/09-6/30/10	\$ 15,930			\$	\$ 14,363	\$ 15,930		\$ (1,567)			\$ (1,567)	\$ 15,930
School Breakfast Program	09-100-010-3350-021	7/1/08-6/30/09	13,349	\$ (2,983)			2,983	-						-
National School Lunch Pgm. (State Share)	10-100-010-3350-023	7/1/09-6/30/10	75,600				70,614	75,600		(4,986)			(4,986)	75,600
National School Lunch Pgm. (State Share)	09-100-010-3350-023	7/1/08-6/30/09	68,342	(13,175)			13,175	-						-
Total Enterprise Funds				(16,158)			101,135	91,530		(6,533)			(6,533)	91,530
Total				\$ (7,645,980)	\$	\$ 325,141	\$ 39,809,285	\$ 35,977,231	\$ 325,141	\$	\$ 65,500	\$ 795,783	\$ (895,551)	\$ 35,527,231
Less: On-Behalf TPAF Pension and Annuity Aid														
TPAF Pension and Annuity Aid	10-495-034-5095-006	7/1/09-6/30/10	225,707				225,707	225,707						225,707
TPAF Pension and Annuity Aid- Post Retirement Medical	10-495-034-5095-001	7/1/09-6/30/10	4,239,092				4,239,092	4,239,092						4,239,092
Total for State Financial Assistance Determination							\$ 35,344,486	\$ 31,062,492	\$ 325,141	\$ (4,223,209)	\$ 65,500	\$ 795,783	\$ (895,551)	\$ 31,062,432

**CLIFTON BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**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 basic 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 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 bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic 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 \$(83,975) for the general fund and \$(231,166) 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 basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 3,516,135	\$ 34,127,035	\$ 37,643,170
Special Revenue Fund	6,208,289	1,002,432	7,210,721
Debt Service Fund		222,259	222,259
Food Service Fund	2,114,007	91,530	2,205,537
Total Financial Assistance	<u>\$ 11,838,431</u>	<u>\$ 35,443,256</u>	<u>\$ 47,281,687</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, 2010**

**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 National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$4,899,361 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010. The amount reported as TPAF Pension System Contributions in the amount of \$225,707 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,239,092 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**CLIFTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued: Unqualified

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

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

**Federal Awards Section**

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

Type of auditors' report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, as amended?            yes     X     no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027/84.173</u>	<u>IDEA Part B/Preschool</u>
<u>84.931</u>	<u>ARRA IDEA Part B</u>
<u>84.010A</u>	<u>NCLB- Title I</u>
<u>84.389</u>	<u>ARRA- Title I</u>
<u>84.367</u>	<u>Title II</u>
<u>84.365</u>	<u>Title III</u>
<u>84.394</u>	<u>ARRA- Educational Stabilization Fund</u>
<u>83.397</u>	<u>ARRA- Government Services Fund</u>

Dollar threshold used to determine Type A programs: \$ 362,000

Auditee qualified as low-risk auditee?     X     yes            no

**CLIFTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Dollar threshold used to determine Type A and Type B programs: \$ 931,873

Auditee qualified as low-risk auditee?  yes  no

Type of auditors' report on compliance for major programs: Unqualified

Internal Control over compliance:

1) Material weakness(es) identified?  yes  no

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?  yes  no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>
<u>100-034-5120-125</u>	<u>Debt Service Aid</u>
<u> </u>	<u> </u>

**CLIFTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**CLIFTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR STATE AWARDS**

**Finding 2010-1:**

Reporting of employee compensation for income tax purposes did not include the personal use of a District owned vehicle as taxable wages on the employee's W-2.

**Information of the State Program**

State Aid- Public

**Criteria or specific requirement:**

N.J. Department of Education- Grant Compliance Supplement.

**Condition:**

Reporting of employee compensation did not include all taxable fringe benefits.

**Questioned Costs:**

Unknown.

**Context:**

See Finding.

**Effect:**

Taxable wages reported on the employee's W-2 were understated by the fair value amount for the personal use of a District owned vehicle.

**Cause:**

It was an omission from the employees W-2.

**CLIFTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR STATE AWARDS**

**Finding 2010-1: (Continued)**

**Recommendation:**

Internal controls be enhanced to ensure that all employee's compensation is properly reported including all additional forms of compensation such as personal use of a District owned vehicle.

**View of Responsible Officials and Planned Corrective Action:**

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

CLIFTON BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

*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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CLIFTON BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2009-1**

Our audit of the District's travel reimbursement revealed that the district did not establish a maximum travel reimbursement for the year and did not account for travel reimbursement separately utilizing object code "580"-travel.

**Current Status**

Corrective action has been taken.

**CURRENT YEAR STATE AWARDS**

**Finding 2009-2**

Our audit of the District's travel reimbursement revealed that the district did not establish a maximum travel reimbursement for the year and did not account for travel reimbursement separately utilizing object code "580"-travel.

**Current Status**

Corrective action has been taken.

**CURRENT YEAR FEDERAL AWARDS**

**Finding 2009-3**

Our audit of the federal grant program revealed that appointments of IDEA personnel, including their related salary and funding percentages were not recorded in the board of education meeting minutes.

**Current Status**

Corrective action has been taken.