

CARLSTADT BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Carlstadt, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Carlstadt Board of Education

Carlstadt, New Jersey

For The Fiscal Year Ended June 30, 2012

Prepared by

Business Office

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INTRODUCTORY SECTION

Carlstadt Public School

550 Washington Street
Carlstadt, New Jersey 07072
PH (201) 672-3000 FAX (201) 672-9845



Pamela S. Baxley
Business Administrator/Board Secretary

November 26, 2012

Honorable President and
Members of the Board of Education
Carlstadt Board of Education
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Carlstadt Board of Education for the fiscal year ended June 30, 2012, 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 Carlstadt 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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Carlstadt Board of Education's MD&A can be found immediately following the "Independent Auditor's Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the 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. Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments and the U.S. 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 auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with an average daily enrollment of 580 students, which is 12 students less than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2011-12	580	(2.03)%
2010-11	592	2.96%
2009-10	575	(1.20)%
2008-09	582	2.64%
2007-08	567	5.78%
2006-07	536	2.10%
2005-06	525	3.35%
2004-05	508	(2.12)%
2003-04	519	1.76%
2002-03	510	(4.32)%

2) ECONOMIC CONDITION AND OUTLOOK: Developmentally the Carlstadt area in general has leveled off and industrial growth is rather minimal. It seems an extensive commercial initiative is imminent in the neighboring community of East Rutherford. It is projected that this project will take anywhere from 3 to 5 years to complete. The project should provide a number of job opportunities for people in the neighboring communities, including Carlstadt. The District does not anticipate any real change in the student population as a result of this commercial venture.

3) MAJOR INITIATIVES:

During the 2011-2012 year we were able to redesign and complete the renovation to the entry to the school providing increased security for our staff and students. We also moved forward with the balanced literacy curriculum under the shared services agreement with have with Becton and East Rutherford.

We continue to meet the demands and requirements of the No Child Left Behind Legislation which will be the driving force for curriculum, general assessment of programs and fiscal responsibility as dictated by these guidelines.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 management.

As a recipient of federal and state financial assistance, the District also is 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 District management.

As part of the 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 that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the 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, Special Revenue Fund and Debt Service 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 are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2012.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements".

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The 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.

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

9) OTHER INFORMATION: State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Lerch, Vinci, and Higgins, LLP, was selected by the Board. 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 of 1984 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 combining and individual fund 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.

10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Carlstadt 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.

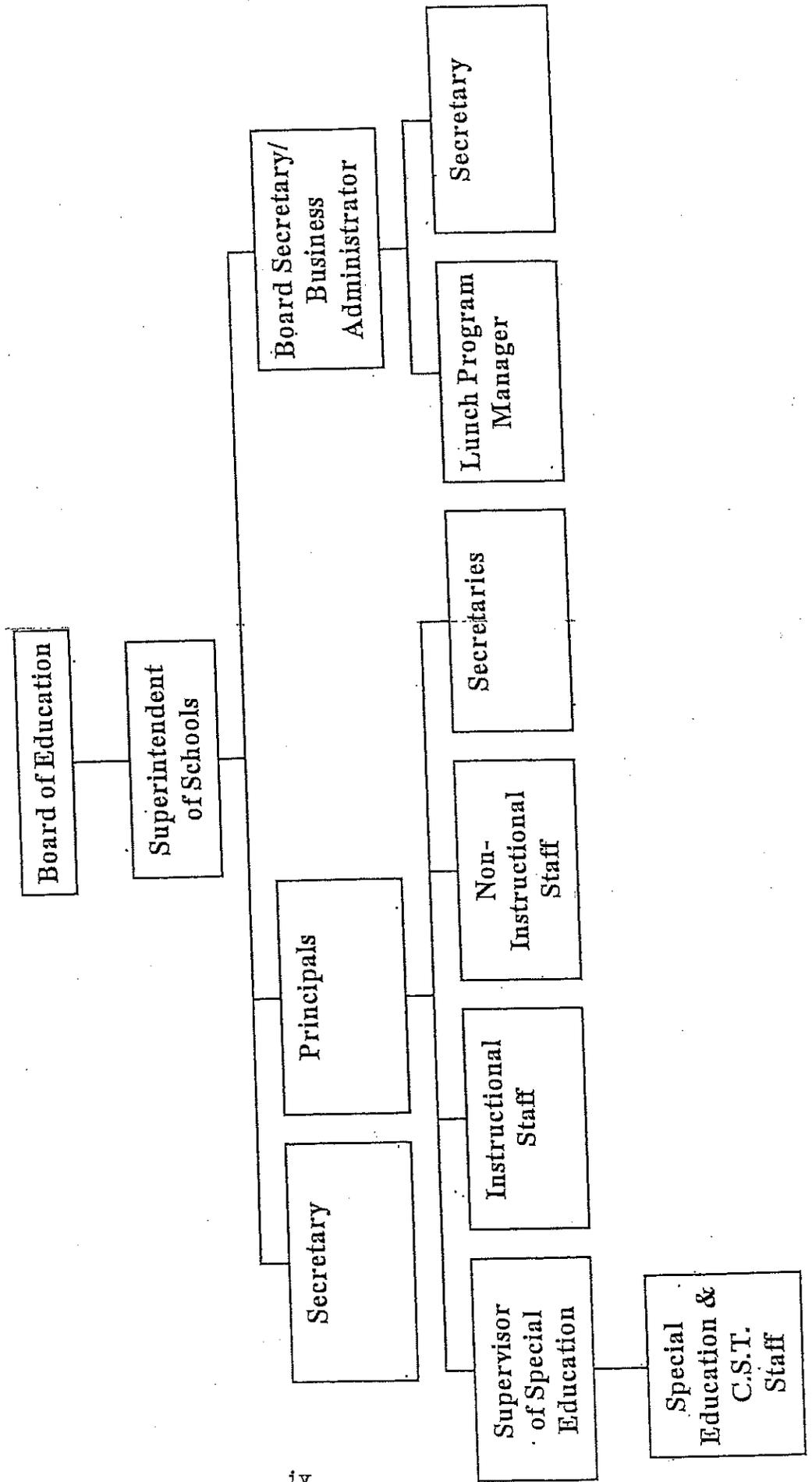
Respectfully submitted,



Pamela Baxley
Business Administrator/Board Secretary

CARLSTADT BOARD OF EDUCATION

Organizational Chart



**CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Walter Beese, President	2012
Terry Tallaksen, Vice President	2013
Adrianna Allen	2013
Thomas J. Cox, Jr.	2014
Victor Fonseca	2014
Hernan Lopez	2012
Susan Nelson	2014
Elaine Stevens	2012
Eugene Wojna	2013
<u>Other Officials</u>	
Stephen Kollinok, Superintendent of Schools	
Stephen Imperato, Business Administrator/Board Secretary	
Mark Janeczko, Board Attorney	

**CARLSTADT BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208 North
Fair Lawn, NJ 07410

Attorney

Mark T. Janeczko, Esq.
109 Hackensack Street
P.O. Box 123
Wood-Ridge, NJ 07075

Insurance Counselor

Professional Insurance
Associates, Inc.
429 Hackensack Street
P.O. Box 0818
Carlstadt, NJ 07072

Official Depository

Valley National Bank
1445 Valley Road
Wayne, NJ 07470

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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 K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Carlstadt Board of Education
Carlstadt, 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 Carlstadt Board of Education as of and for the fiscal year ended June 30, 2012, 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Carlstadt 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. An audit also includes 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 previously 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 Carlstadt Board of Education as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 26, 2012 on our consideration of the Carlstadt 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlstadt Board of Education's basic financial statements as a whole. The introductory section, combining 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. 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 also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lerch, Vinci & Higgins, LLP

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

Donna L. Japhet

Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
November 26, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

This discussion and analysis of the Carlstadt School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2012. 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 notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2011-2012 fiscal year include the following:

- The assets of the Carlstadt Board of Education exceeded its liabilities at the close of the fiscal year by \$6,068,064 (net assets).
- General revenues accounted for \$10,640,312 or 87 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,604,286 or 13 percent of total revenues of \$12,244,598.
- The School District had \$11,892,698 in expenses; only \$1,604,286 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,640,312 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$10,018,746 in revenues and \$9,827,573 in expenditures. The General Fund's fund balance increased by \$191,173 from June 30, 2011 to \$644,752 at June 30, 2012.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending balance of \$708,437. The combined fund balance increased by \$120,437 from the prior year.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds. The General Fund is by far the most significant fund.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities answer that question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental Activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Internal Service Fund

The internal service fund uses the accrual accounting basis and the economic resources focus. This fund is included as part of the governmental activities in the district-wide financial statements.

The District as a Whole

The Statement of Net Assets provides one perspective of the District as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

Table 1 provides a summary of the District's net assets as of June 30, 2012 and 2011, respectively.

Table 1
Statement of Net Assets
as of June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 763,643	\$ 619,242	\$ 86,115	\$ 59,538	\$ 849,758	\$ 678,780
Capital Assets, net of accumulated depreciation	<u>25,932,853</u>	<u>26,481,675</u>	<u>51,883</u>	<u>57,543</u>	<u>25,984,736</u>	<u>26,539,218</u>
Total Assets	<u>26,696,496</u>	<u>27,100,917</u>	<u>137,998</u>	<u>117,081</u>	<u>26,834,494</u>	<u>27,217,998</u>
Long-Term liabilities	20,574,849	21,328,023			20,574,849	21,328,023
Other Liabilities	<u>191,581</u>	<u>172,483</u>	-	1,328	<u>191,581</u>	<u>173,811</u>
Total Liabilities	<u>20,766,430</u>	<u>21,500,506</u>	<u>-</u>	<u>1,328</u>	<u>20,766,430</u>	<u>21,501,834</u>
Invested in Capital Assets, Net of Debt	5,461,934	5,244,675	51,883	57,543	5,513,817	5,302,218
Restricted	242,998	12,998			242,998	12,998
Unrestricted	<u>225,134</u>	<u>342,738</u>	<u>86,115</u>	<u>58,210</u>	<u>311,249</u>	<u>400,948</u>
Total Net Assets	<u>\$ 5,930,066</u>	<u>\$ 5,600,411</u>	<u>\$ 137,998</u>	<u>\$ 115,753</u>	<u>\$ 6,068,064</u>	<u>\$ 5,716,164</u>

The District's combined net assets as of June 30, 2012 and 2011 were \$6,068,064 and \$5,716,164, respectively.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Table 2 shows changes in net assets for fiscal years ended June 30, 2012 and 2011.

Table 2
Change in Net Assets
For The Fiscal Years Ended June 30, 2012 and 2011

	Governmental		Business-		Total	
	Activities		Type		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues						
Charges for Services	\$ 39,400	\$ 106,667	\$ 207,542	\$ 195,964	\$ 246,942	\$ 302,631
Operating Grants and Contributions	1,257,255	937,791	100,089	79,198	1,357,344	1,016,989
General Revenues						
Property Taxes	10,601,303	10,423,999			10,601,303	10,423,999
State and Federal Aid		248			-	248
Other	38,991	19,732	18	23	39,009	19,755
Total Revenues	<u>11,936,949</u>	<u>11,488,437</u>	<u>307,649</u>	<u>275,185</u>	<u>12,244,598</u>	<u>11,763,622</u>
Expenses						
Instruction						
Regular	5,187,427	4,946,784			5,187,427	4,946,784
Special Education	1,284,951	1,041,124			1,284,951	1,041,124
Other Instruction	312,235	114,477			312,235	114,477
School Sponsored Activities and Athletics	19,583	24,084			19,583	24,084
Support Services						
Student and Instruction Related Services	979,154	1,061,883			979,154	1,061,883
School Administrative Services	321,801	317,607			321,801	317,607
General Administrative Services	433,145	404,109			433,145	404,109
Plant Operations and Maintenance	1,550,582	1,526,383			1,550,582	1,526,383
Pupil Transportation	181,371	194,250			181,371	194,250
Business Svcs/Central Services/Admin. Info Tech.	409,172	454,975			409,172	454,975
Interest on Long-Term Debt	927,873	957,124			927,873	957,124
Food Services	-	-	285,404	258,326	285,404	258,326
Total Expenses	<u>11,607,294</u>	<u>11,042,800</u>	<u>285,404</u>	<u>258,326</u>	<u>11,892,698</u>	<u>11,301,126</u>
Change in Net Assets	329,655	445,637	22,245	16,859	351,900	462,496
Net Assets, Beginning of Year	<u>5,600,411</u>	<u>5,154,774</u>	<u>115,753</u>	<u>98,894</u>	<u>5,716,164</u>	<u>5,253,668</u>
Net Assets, End of Year	<u>\$ 5,930,066</u>	<u>\$ 5,600,411</u>	<u>\$ 137,998</u>	<u>\$ 115,753</u>	<u>\$ 6,068,064</u>	<u>\$ 5,716,164</u>

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 89 percent of revenues for governmental activities for the Carlstadt School District in fiscal year 2012. The District's governmental activities total revenues were \$11,936,949 for the year ended June 30, 2012, an increase of \$448,512 from the previous year. Federal, state, and local grants/aid accounted for 11 percent of revenue. The balance of revenues is miscellaneous income which includes investment earnings.

The total cost of all governmental activities programs and services was \$11,607,294. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$6,804,196 (59%) of total expenditures. Student support services, exclusive of administration and interest on long-term debt, total \$2,711,107 or (23%) of total expenditures. The District's total governmental activities expenses increased \$564,494 over the amount of 2010/2011 expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal reimbursements.

- Food service revenues exceeded expenses by \$22,245.
- Charges for services represent 67% percent of revenue. This represents amounts paid for daily lunch service.
- State and Federal reimbursement for school breakfast and lunch was \$100,089 or 33 percent of total revenues.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Net Cost of Governmental Activities

The District's total cost of services was \$11,607,294 for the fiscal year ended June 30, 2012. After applying program revenues, derived from charges for services of \$39,400 and operating grants and contributions of \$1,257,255 the net cost of services of the District is \$10,310,639. See Table 3.

Table 3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost</u> <u>of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	\$ 5,187,427	\$ 4,946,784	\$ 4,504,237	\$ 4,447,724
Special Education	1,284,951	1,041,124	821,951	768,144
Other Instruction	312,235	114,477	198,499	98,370
School Sponsored Activities and Athletics	19,583	24,084	17,098	24,084
Support Services				
Student and Instruction Related Services	979,154	1,061,883	964,839	937,600
School Administrative Services	321,801	317,607	301,872	302,236
General Administrative Services	433,145	404,109	433,145	381,751
Plant Operations and Maintenance	1,550,582	1,526,383	1,550,582	1,519,909
Pupil Transportation	181,371	194,250	181,371	189,556
Business Services/Central Svcs./Admin. Info.	409,172	454,975	409,172	371,844
Interest on Long-Term Debt	927,873	957,124	927,873	957,124
Total	\$ 11,607,294	\$ 11,042,800	\$ 10,310,639	\$ 9,998,342

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition, including energy costs. The cost also includes the depreciation expense of the building and all of the building improvements.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$708,437. For the fiscal year ended June 30, 2011, the fund balance was \$588,000.

Revenues for the District's governmental funds were \$11,936,949, while total expenses were \$11,816,512.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from grades K-8 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues for the fiscal year ended June 30, 2012 and 2011.

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources				
Property Tax Levy	\$ 8,940,482	\$ 8,765,178	\$ 175,304	2%
Interest	3,792	2,862	930	32%
State/Federal Sources	1,000,071	665,419	334,652	50%
Miscellaneous	<u>74,401</u>	<u>55,950</u>	<u>18,451</u>	33%
 Total General Fund Revenues	 <u>\$ 10,018,746</u>	 <u>\$ 9,489,409</u>	 <u>\$ 529,337</u>	 6%

Total General Fund Revenues increased by \$529,337 or 6% over the previous year.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

General Fund (Continued)

Local property taxes increased by 2% over the previous year.

State/federal revenues increased \$334,652 or 50% from the previous year largely attributable to the additional allocation of categorical state aid for the District in 2011/2012 as well as an increase in the State of New Jersey's contribution to pension costs and post-retirement medical benefits on behalf of the Carlstadt School District.

Miscellaneous income increased significantly and was largely attributable to tuition received for the pre-kindergarten program.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended June 30, 2012 and 2011.

	Year Ended <u>June 30, 2012</u>	Year Ended <u>June 30, 2011</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 6,445,721	\$ 5,815,971	\$ 629,750	11%
Support Services	3,297,908	3,294,905	3,003	0%
Debt Service	23,628	23,628	-	0%
Capital Outlay	<u>60,316</u>	<u>-</u>	<u>60,316</u>	N/A
Total Expenditures	<u>\$ 9,827,573</u>	<u>\$ 9,134,504</u>	<u>\$ 693,069</u>	8%

Total General Fund expenditures increased \$693,069 or 8% from the previous year.

In 2011-2012 General Fund revenues and other financing sources exceeded expenses by \$191,371. As a result, total fund balance increased to \$644,752 at June 30, 2012. After deducting statutory transfers and reserves, the unassigned fund balance decreased slightly from \$250,000 at June 30, 2011 to \$248,738 at June 30, 2012.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$257,184, for the year ended June 30, 2012. Federal sources accounted for all 99% Special Revenue Fund's revenue.

Total Special Revenue Fund revenues decreased \$15,436 or 6% from the previous year. Federal sources decreased \$18,502 while local sources increased \$3,066.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Special Revenue Fund (Continued)

Expenditures of the Special Revenue Fund were \$257,184. Instructional expenditures were \$251,128 (98%) of total expended for the year ended June 30, 2012. The balance of the expenditures (\$6,056) were student and instruction related services.

Capital Projects - The capital projects expenditures and other financing uses exceeded revenues by \$70,934 resulting in a fund balance of \$62,808 at June 30, 2012. This decrease in fund balance is attributable to expenditures relating to the construction of the new pre-kindergarten to 8th grade school in the District.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities, which are supported in part through user fees.

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities. The revenues exceeded the expenses by \$22,245 resulting in net assets of \$137,998 at June 30, 2012.

Internal Service Fund - The District uses an Internal Service Fund to report the activities that provide services to other programs, including other Boards of Education. The District's shared services agreements relating to Technology Support Services are included in this fund. The District has discontinued the agreement formerly accounted for in this fund. There was no activity for the 2011/2012 year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were from implementing budgets for specially funded projects, which include both federal and State grants, and reinstating prior year purchase orders being carried over.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2012 for its governmental activities amounts to \$25,932,853 (net of accumulated depreciation) and \$51,883 for business-type activities. The capital assets consist of land, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2011-2012 amounted to \$680,072 for governmental activities and \$5,660 for business-type activities.

Table A-6
Capital Assets as of June 30, 2012 and 2011
(Net of Accumulated Depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 188,036	\$ 371,159		
Improvements Other Than Building	279,005	297,563		
Building and Building Improvements	25,031,375	25,342,251		
Machinery and Equipment	<u>434,437</u>	<u>470,702</u>	\$ 51,883	\$ 57,543
Total Capital Assets, Net	<u>\$ 25,932,853</u>	<u>\$ 26,481,675</u>	<u>\$ 51,883</u>	<u>\$ 57,543</u>

Additional information on the District's capital assets are presented in Note 4 of this report.

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$41,122, bonds payable of \$20,507,000 and capital lease payable of \$26,727.

Additional information of the District's long-term liabilities is presented in Note 4 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District is in stable financial condition. Everyone associated with Carlstadt Board of Education is grateful for the community support.

Many factors were considered by the District's administration during the process of developing the fiscal year 2011-2012 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2012-2013. Budgeted expenditures in the General Fund increased 4 percent to \$9,430,583 in fiscal year 2012-2013.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 information contact the School Business Administrator, Carlstadt Board of Education, 550 Washington Street, Carlstadt, NJ 07072.

BASIC FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 718,548	\$ 78,573	\$ 797,121
Receivables, net	45,095	5,834	50,929
Inventory		1,708	1,708
Capital Assets, Not Being Depreciated	188,036		188,036
Capital Assets, Being Depreciated, Net	<u>25,744,817</u>	<u>51,883</u>	<u>25,796,700</u>
Total Assets	<u>26,696,496</u>	<u>137,998</u>	<u>26,834,494</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	35,266		35,266
Accrued Interest Payable	150,270		150,270
Unearned Revenue	6,045		6,045
Noncurrent Liabilities			
Due Within One Year	787,814		787,814
Due Beyond One Year	<u>19,787,035</u>	<u>-</u>	<u>19,787,035</u>
Total Liabilities	<u>20,766,430</u>	<u>-</u>	<u>20,766,430</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	5,461,934	51,883	5,513,817
Restricted for			
Debt Service	877		877
Capital Projects	12,121		12,121
Other Purpose	230,000		230,000
Unrestricted	<u>225,134</u>	<u>86,115</u>	<u>311,249</u>
Total Net Assets	<u>\$ 5,930,066</u>	<u>\$ 137,998</u>	<u>\$ 6,068,064</u>

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

**CARLSTADT BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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
Governmental Activities							
Instruction							
Regular	\$ 5,187,427	\$ 39,400	\$ 643,790		\$ (4,504,237)		\$ (4,504,237)
Special Education	1,284,951		463,000		(821,951)		(821,951)
Other Instruction	312,235		113,736		(198,499)		(198,499)
School Sponsored Activities and Athletics	19,583		2,485		(17,098)		(17,098)
Support Services							
Student and Instruction Related Services	979,154		14,315		(964,839)		(964,839)
General Administrative Services	433,145		19,929		(433,145)		(433,145)
School Administrative Services	321,801				(301,872)		(301,872)
Plant Operations and Maintenance	1,550,582				(1,550,582)		(1,550,582)
Pupil Transportation	181,371				(181,371)		(181,371)
Business Services/Central Svcs/Admin. Info.	409,172				(409,172)		(409,172)
Interest on Long Term Debt	927,873				(927,873)		(927,873)
Total Governmental Activities	11,607,294	39,400	1,257,255	-	(10,310,639)	-	(10,310,639)
Business-Type Activities							
Food Service	285,404	207,542	100,089			\$ 22,227	22,227
Total Business-Type Activities	285,404	207,542	100,089	-	-	22,227	22,227
Total Primary Government	\$ 11,892,698	\$ 246,942	\$ 1,357,344	\$ -	(10,310,639)	22,227	(10,288,412)
General Revenues							
Taxes:							
Property Taxes, levied for general purposes, net					8,940,482		8,940,482
Property Taxes, levied for debt service purposes, net					1,660,821		1,660,821
Investment Earnings					3,990	18	4,008
Miscellaneous Income					35,001	-	35,001
Total General Revenues					10,640,294	18	10,640,312
Change in Net Assets					329,655	22,245	351,900
Net Assets, Beginning of Year					5,600,411	115,753	5,716,164
Net Assets, End of Year					\$ 5,930,066	\$ 137,998	\$ 6,068,064

FUND FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 637,612		\$ 67,040	\$ 1	\$ 704,653
Due from Other Funds	16,471			876	17,347
Receivables from Other Governments	<u>18,553</u>	<u>\$ 26,405</u>	<u>-</u>	<u>-</u>	<u>44,958</u>
Total Assets	<u>\$ 672,636</u>	<u>\$ 26,405</u>	<u>\$ 67,040</u>	<u>\$ 877</u>	<u>\$ 766,958</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	27,884	\$ 7,382			\$ 35,266
Due to Other Funds		12,978	\$ 4,232		17,210
Deferred Revenue	<u>-</u>	<u>6,045</u>	<u>-</u>	<u>-</u>	<u>6,045</u>
Total Liabilities	<u>27,884</u>	<u>26,405</u>	<u>4,232</u>	<u>-</u>	<u>58,521</u>
Fund Balances					
Restricted Fund Balance					
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 62,115				62,115
Excess Surplus	70,724				70,724
Capital Reserve	12,121				12,121
Maintenance Reserve	230,000				230,000
Capital Projects Fund			62,808		62,808
Debt Service Fund				\$ 877	877
Assigned Fund Balance					
Year End Encumbrances	21,054				21,054
Unassigned Fund Balance	<u>248,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,738</u>
Total Fund Balances	<u>644,752</u>	<u>-</u>	<u>62,808</u>	<u>877</u>	<u>708,437</u>
Total Liabilities and Fund Balances	<u>\$ 672,636</u>	<u>\$ 26,405</u>	<u>\$ 67,040</u>	<u>\$ 877</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$29,447,318 and the accumulated depreciation is \$3,514,465.	25,932,853
The district has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:	(150,270)
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 (see Note 2)	(20,574,849)
The assets and liabilities of the internal service fund are included with governmental activities.	<u>13,895</u>
Net Assets of Governmental Activities	<u>\$ 5,930,066</u>

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 8,940,482			\$ 1,660,821	\$ 10,601,303
Tuition - Pre-School	30,000				30,000
Tuition from Other LEA	9,400				9,400
Interest	3,792		\$ 198		3,990
Miscellaneous	35,001	\$ 3,066	-	-	38,067
Total - Local Sources	<u>9,018,675</u>	<u>3,066</u>	<u>198</u>	<u>1,660,821</u>	<u>10,682,760</u>
State Sources	984,907				984,907
Federal Sources	15,164	254,118	-	-	269,282
Total Revenues	<u>10,018,746</u>	<u>257,184</u>	<u>198</u>	<u>1,660,821</u>	<u>11,936,949</u>
EXPENDITURES					
Current					
Regular Instruction	4,985,824	94,256			5,080,080
Special Education Instruction	1,133,702	151,249			1,284,951
Other Instruction	306,612	5,623			312,235
School-Sponsored Activities and Athletics	19,583				19,583
Support Services					
Student and Instruction Related Services	973,098	6,056			979,154
General Administrative Services	433,145				433,145
School Administrative Services	321,801				321,801
Plant Operations and Maintenance	979,321				979,321
Pupil Transportation	181,371				181,371
Business Services/Central Svcs/ Admin. Info. Tech.	409,172				409,172
Debt Service					
Principal	21,710			730,000	751,710
Interest	1,918			930,821	932,739
Capital Outlay	60,316	-	70,934	-	131,250
Total Expenditures	<u>9,827,573</u>	<u>257,184</u>	<u>70,934</u>	<u>1,660,821</u>	<u>11,816,512</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>191,173</u>	<u>-</u>	<u>(70,736)</u>	<u>-</u>	<u>120,437</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	198				198
Transfers Out	-	-	(198)	-	(198)
Total Other Financing Sources and Uses	<u>198</u>	<u>-</u>	<u>(198)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>191,371</u>	<u>-</u>	<u>(70,934)</u>	<u>-</u>	<u>120,437</u>
Fund Balance, Beginning of Year	453,381	-	133,742	877	588,000
Fund Balance , End of Year	<u>\$ 644,752</u>	<u>\$ -</u>	<u>\$ 62,808</u>	<u>\$ 877</u>	<u>\$ 708,437</u>

**CARLSTADT BOARD OF EDUCATION
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 120,437

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	\$ 131,250	
Depreciation Expense	<u>(680,072)</u>	(548,822)

In the statement of activities, certain operating expenses - compensated absences 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):

Net Decrease in Compensated Absences	1,464
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Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Bond Principal	730,000	
Capital Lease	<u>21,710</u>	751,710

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditures in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>4,866</u>
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Change in Net Assets of Governmental Activities (Exhibit A-2) \$ 329,655

**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>	Governmental Internal Service Fund <u>Shared Service Agreement</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 78,573	\$ 13,895
Intergovernmental Receivable		
State	194	
Federal	5,640	
Inventory	<u>1,708</u>	<u>-</u>
Total Current Assets	<u>86,115</u>	<u>13,895</u>
Capital Assets		
Machinery and Equipment	84,900	
Less: Accumulated Depreciation	<u>(33,017)</u>	<u>-</u>
Total Capital Assets, Net	<u>51,883</u>	<u>-</u>
Total Assets	<u>137,998</u>	<u>13,895</u>
NET ASSETS		
Invested in Capital Assets, Net	51,883	
Unrestricted	<u>86,115</u>	<u>13,895</u>
Total Net Assets	<u>\$ 137,998</u>	<u>\$ 13,895</u>

**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>	Governmental Internal Service Fund <u>Shared Service Agreement</u>
OPERATING REVENUES		
Charges for Services		
Daily Sales		
Reimbursable Programs- School Lunch Program	\$ 203,431	
Other Sales - Ala Carte/Milk	4,111	-
	<hr/>	<hr/>
Total Operating Revenues	207,542	-
OPERATING EXPENSES		
Cost of Sales	117,847	
Salaries	101,238	
Employee Benefits/Payroll Taxes	11,546	
Insurance	15,951	
Supplies	18,162	
Management Fees	15,000	
Depreciation	5,660	-
	<hr/>	<hr/>
Total Operating Expenses	285,404	-
Operating Income/(Loss)	<hr/> (77,862)	<hr/> -
NONOPERATING REVENUES		
State Sources		
School Lunch Program	3,115	
Federal Sources		
National School Lunch Program	90,153	
National School Breakfast Program	6,821	
Interest Earned	18	-
	<hr/>	<hr/>
Total Nonoperating Revenues	100,107	-
Change in Net Assets	22,245	-
Net Assets , Beginning of Year	<hr/> 115,753	<hr/> \$ 13,895
Net Assets, End of Year	<hr/> \$ 137,998	<hr/> \$ 13,895

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

**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities	Governmental Internal Service Fund
	<u>Enterprise Fund</u>	<u>Shared Service Agreement</u>
	<u>Food Services</u>	
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 207,542	
Cash Payment for Employees Salaries and Benefits	(112,784)	
Cash Payments to Suppliers for Goods and Services	(156,323)	-
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(61,565)	-
	<hr/>	<hr/>
Cash Flows from Noncapital Financing Activities		
Cash Received from State and Federal Subsidy Reimbursements	87,327	-
	<hr/>	<hr/>
Net Cash Provided (Used) by Noncapital Financing Activities	87,327	-
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest on Investments	18	-
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	18	-
	<hr/>	<hr/>
Net Increase in Cash and Cash Equivalents	25,780	-
Cash and Cash Equivalents, Beginning of Year	52,793	\$ 13,895
	<hr/>	<hr/>
Cash and Cash Equivalents, End of Year	\$ 78,573	\$ 13,895
	<hr/>	<hr/>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities		
Operating Income/(Loss)	\$ (77,862)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	5,660	
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	12,150	
Change in Assets and Liabilities		
Increase/(Decrease) in Accounts Payable	(1,328)	
(Increase) Decrease in Inventory	(185)	-
	<hr/>	<hr/>
Total Adjustments	16,297	-
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ (61,565)	\$ -
	<hr/>	<hr/>
Non-Cash Investing, Capital and Financing Activities		
Value Received for Food Distribution Program	\$ 12,150	

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

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 4	\$ 14,580	\$ 39,247
Total Assets	<u>4</u>	<u>14,580</u>	<u>\$ 39,247</u>
LIABILITIES			
Accounts Payable			
Due to Other Fund			\$ 137
Accounts Payable			967
Due to Student Groups	<u>-</u>	<u>-</u>	<u>38,143</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 39,247</u>
NET ASSETS			
Held in Trust for Unemployment Claims	4		
Held in Trust for Private Purpose Scholarships	<u>-</u>	<u>14,580</u>	
Total Net Assets	<u>\$ 4</u>	<u>\$ 14,580</u>	

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 13,824	
District	19,275	
Private Scholarships		\$ 500
Interest	4	110
	<hr/>	<hr/>
Total Additions	33,103	610
DEDUCTIONS		
Scholarships Awarded		867
Unemployment Claims and Contributions	33,101	-
	<hr/>	<hr/>
Total Deductions	33,101	867
Change in Net Assets	2	(257)
Net Assets, Beginning of Year	2	14,837
	<hr/>	<hr/>
Net Assets, End of Year	<u>\$ 4</u>	<u>\$ 14,580</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Carlstadt 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 Carlstadt Board of Education this includes general operations, food service 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. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds and internal service fund, while business-type activities incorporate data from the District's enterprise funds.

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. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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

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

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets 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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources 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.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for the shared service agreements for technology support services provided to governmental entities on a cost reimbursement basis.

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 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 private-sector 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.

CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 food service enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. *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.

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 2010-2011 and 2011-2012 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.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. *Receivables and Payables* (Continued)

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 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *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.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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 its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	5-20
Computer Equipment	5

CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 accumulated 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.

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Fund Equity (Continued)

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

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

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 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$20,574,849 difference are as follows:

Bonds Payable	\$ 20,507,000
Capital Leases Payable	26,727
Compensated Absences	<u>41,122</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u>\$ 20,574,849</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption 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 2011/2012. During 2011/2012 the Board increased the original General Fund budget by \$188,692 and the original Special Revenue Fund budget by \$57,510. The increase in the General Fund was funded by additional state and federal aid and the reappropriation of prior year general fund encumbrances. The increase in Special Revenue Fund was funded by additional grant awards.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

A capital reserve account was established by the District on October 12, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011	\$ 12,121
Balance, June 30, 2012	\$ 12,121

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$17,177,886.

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$132,839. Of this amount, \$62,115 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$70,724 will be appropriated in the 2013/2014 original budget certified for taxes.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 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 collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

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, 2012, the book value of the Board's deposits was \$850,952 and bank balances of the Board's cash and deposits amounted to \$1,009,238. 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>1,009,238</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. However, all deposits are adequately insured.

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, 2012, 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.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2012 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental- Restricted	\$ 18,553	\$ 26,405	\$ 5,834	\$ 50,792
Gross Receivables	18,553	26,405	5,834	50,792
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 18,553</u>	<u>\$ 26,405</u>	<u>\$ 5,834</u>	<u>\$ 50,792</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>Unavailable</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>\$ 6,045</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 6,045</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance, July 1, 2011	Increases	Decreases	Adjustments	Balance, June 30, 2012
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 371,159	-	-	\$ (183,123)	\$ 188,036
Total Capital Assets, Not Being Depreciated	<u>371,159</u>	<u>-</u>	<u>-</u>	<u>(183,123)</u>	<u>188,036</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	27,762,218	\$ 70,934		183,123	28,016,275
Land Improvements	371,159				371,159
Machinery and Equipment	811,532	60,316	\$ -	-	871,848
Total Capital Assets Being Depreciated	<u>28,944,909</u>	<u>131,250</u>	<u>-</u>	<u>183,123</u>	<u>29,259,282</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(2,419,967)	(564,933)			(2,984,900)
Land Improvements	(73,596)	(18,558)			(92,154)
Machinery and Equipment	(340,830)	(96,581)	-	-	(437,411)
Total Accumulated Depreciation	<u>(2,834,393)</u>	<u>(680,072)</u>	<u>-</u>	<u>-</u>	<u>(3,514,465)</u>
Total Capital Assets, Being Depreciated, Net	<u>26,110,516</u>	<u>(548,822)</u>	<u>-</u>	<u>183,123</u>	<u>25,744,817</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,481,675</u>	<u>\$ (548,822)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,932,853</u>
	Balance, July 1, 2011	Increases	Decreases	Balance, June 30, 2012	
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 84,900	-	-	\$ 84,900	
Total Capital Assets Being Depreciated	<u>84,900</u>	<u>-</u>	<u>-</u>	<u>84,900</u>	
Less Accumulated Depreciation for:					
Machinery and Equipment	(27,357)	\$ (5,660)	-	(33,017)	
Total Accumulated Depreciation	<u>(27,357)</u>	<u>(5,660)</u>	<u>-</u>	<u>(33,017)</u>	
Total Capital Assets, Being Depreciated, Net	<u>57,543</u>	<u>(5,660)</u>	<u>-</u>	<u>51,883</u>	
Business-Type Activities Capital Assets, Net	<u>\$ 57,543</u>	<u>\$ (5,660)</u>	<u>\$ -</u>	<u>\$ 51,883</u>	

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 108,811
Total Instruction	<u>108,811</u>
Support Services	
Operations and Maintenance of Plant	<u>571,261</u>
Total Support Services	<u>571,261</u>
Total Governmental Funds	<u>680,072</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 680,072</u>

Business-Type Activities:

Food Service Fund	<u>\$ 5,660</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 5,660</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2012:

<u>Project</u>	<u>Remaining Commitment</u>
Water Infiltration Study	<u>\$ 53,500</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue	\$ 12,978
General	Capital Projects	3,356
General	Payroll Agency	137
Debt Service	Capital Projects	<u>876</u>
Total		<u>\$ 17,347</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.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	<u>Transfers In</u>	
	<u>General</u>	
	<u>Fund</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 198	\$ 198
Total Transfers Out	\$ 198	\$ 198

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

E. Leases

Capital Leases

The District is leasing copiers totaling \$104,390 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental</u>
	<u>Activities</u>
Machinery and Equipment	\$ 104,390

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Fiscal</u>	
<u>Year Ending June 30</u>	<u>Governmental</u>
	<u>Activities</u>
2013	\$ 22,895
2014	3,938
	<hr/>
Total minimum lease payments	26,833
Less: amount representing interest	(106)
Present value of minimum lease payments	\$ 26,727

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 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, 2012 are comprised of the following issues:

\$24,447,000, 2005 Bonds, due in annual installments of \$765,000 to \$1,612,000 through May 1, 2030, interest at 4.00% \$20,507,000

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

Governmental Activities:

Fiscal Year Ending	Serial Bonds		Total
	Principal	Interest	
June 30,			
2013	\$ 765,000	\$ 901,622	\$ 1,666,622
2014	800,000	871,021	1,671,021
2015	835,000	837,021	1,672,021
2016	870,000	801,536	1,671,536
2017	910,000	764,558	1,674,558
2018-2022	5,210,000	3,204,338	8,414,338
2023-2027	6,485,000	1,943,325	8,428,325
2028-2031	4,632,000	423,045	5,055,045
	<u>\$ 20,507,000</u>	<u>\$ 9,746,466</u>	<u>\$ 30,253,466</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 71,851,095
Less: Net Debt	<u>20,507,181</u>
Remaining Borrowing Power	<u>\$ 51,343,914</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Balance, July 1, 2011	Additions	Reductions	Balance, June 30, 2012	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 21,237,000		\$ 730,000	\$ 20,507,000	\$ 765,000
Capital Leases	48,437		21,710	26,727	22,814
Compensated Absences	42,586	-	1,464	41,122	-
Governmental Activity Long-Term Liabilities	<u>\$ 21,328,023</u>	<u>\$ -</u>	<u>\$ 753,174</u>	<u>\$ 20,574,849</u>	<u>\$ 787,814</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

NOTE 5 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 Northeast Bergen County School Board Insurance Group (NESBIG). 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 funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

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

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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:

Fiscal Year Ended <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 19,275	\$ 13,824	\$ 33,101	\$ 4
2011	19,155	13,937	33,098	2
2010	15,459	14,259	29,717	3

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2012, the District has not estimated its arbitrage earnings due to the IRS, if any.

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:

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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.

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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 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 July 1, 2010 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 5.91 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and DCRP 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:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2012	\$ 118,955	\$ 145,410	\$ 2,289
2011	122,431	13,365	1,138
2010	99,225	14,479	

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$145,410 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$13,365 and \$14,479, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$319,866 during the year ended June 30, 2012 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.

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 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2010, 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, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

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, 2012, 2011 and 2010 were \$292,315, \$283,869 and \$271,937, 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

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 8,940,482		\$ 8,940,482	\$ 8,940,482	
Other Tuition (Preschool)	30,000		30,000	30,000	
Tuition from Other LEAs				9,400	\$ 9,400
Interest				3,792	3,792
Interest on Capital Reserve Funds	500		500		(500)
Miscellaneous	24,000	-	24,000	35,001	11,001
Total Local Sources	<u>8,994,982</u>	<u>-</u>	<u>8,994,982</u>	<u>9,018,675</u>	<u>23,693</u>
State Sources					
Categorical Special Education Aid	89,014	\$ 89,014	178,028	178,028	-
Extraordinary Aid		-		72,056	72,056
On-behalf TPAF Pension System Contributions-Normal Costs & Accrued Liability(Non-Budget)				131,318	131,318
On-behalf TPAF Pension System Contributions-NCGI (Non-Budget)				14,092	14,092
On-behalf TPAF Pension System Contributions-Post Retirement Medical Contributions (Non-Budget)				292,315	292,315
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	319,866	319,866
Total State Sources	<u>89,014</u>	<u>89,014</u>	<u>178,028</u>	<u>1,007,675</u>	<u>829,647</u>
Federal Sources					
Education Jobs Fund	14,703	461	15,164	15,164	-
Total Federal Sources	<u>14,703</u>	<u>461</u>	<u>15,164</u>	<u>15,164</u>	<u>-</u>
Total Revenues	<u>9,098,699</u>	<u>89,475</u>	<u>9,188,174</u>	<u>10,041,514</u>	<u>853,340</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	55,546	215	55,761	55,761	-
Kindergarten	282,091	(19,505)	262,586	261,547	1,039
Grades 1-5	1,469,279	(13,647)	1,455,632	1,455,632	-
Grades 6-8	934,948	21,441	956,389	956,389	-
Regular Program - Home Instruction					
Salaries of Teachers	10,000	(4,043)	5,957	4,650	1,307
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	310,526	26,525	337,051	330,299	6,752
Health Benefits	1,175,519	(203,572)	971,947	968,534	3,413
Purchased Technical Services	15,000	23,667	38,667	38,667	-
Other Purchased Services	24,000	-	24,000	23,860	140
General Supplies	107,829	39,717	147,546	141,130	6,416
Textbooks	60,000	(2,055)	57,945	57,945	-
Total Regular Programs	<u>4,444,738</u>	<u>(131,257)</u>	<u>4,313,481</u>	<u>4,294,414</u>	<u>19,067</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 111,331	\$ 31,861	\$ 143,192	\$ 142,377	\$ 815
Total Learning and/or Language Disabilities	<u>111,331</u>	<u>31,861</u>	<u>143,192</u>	<u>142,377</u>	<u>815</u>
Multiple Disabilities					
Salaries of Teachers	52,203	23,319	75,522	74,731	791
Other Salaries for Instruction	19,715	226	19,941	19,940	1
Total Multiple Disabilities	<u>71,918</u>	<u>23,545</u>	<u>95,463</u>	<u>94,671</u>	<u>792</u>
Resource Room/ Resource Center					
Salaries of Teachers	134,812	16,587	151,399	135,441	15,958
Total Resource Room	<u>134,812</u>	<u>16,587</u>	<u>151,399</u>	<u>135,441</u>	<u>15,958</u>
Autism					
Salaries of Teachers	77,490	1,097	78,587	78,252	335
Other Salaries for Instruction	24,457	4,135	28,592	24,629	3,963
Total Autism	<u>101,947</u>	<u>5,232</u>	<u>107,179</u>	<u>102,881</u>	<u>4,298</u>
Total Special Education	<u>420,008</u>	<u>77,225</u>	<u>497,233</u>	<u>475,370</u>	<u>21,863</u>
Basic Skills/Remedial					
Salaries of Teachers	59,285	69,600	128,885	128,885	-
Total Basic Skills/Remedial	<u>59,285</u>	<u>69,600</u>	<u>128,885</u>	<u>128,885</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	40,023	9,770	49,793	49,793	-
Total Bilingual Education	<u>40,023</u>	<u>9,770</u>	<u>49,793</u>	<u>49,793</u>	<u>-</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 11,500	\$ 2,488	\$ 13,988	\$ 13,988	
Supplies and Materials	7,000.0	600	7,600	2,655	\$ 4,945
Total School Sponsored Co/Extra Curricular Activities	<u>18,500</u>	<u>3,088</u>	<u>21,588</u>	<u>16,643</u>	<u>4,945</u>
Community Services Programs/Operations					
Other Objects	40,000	(40,000)	-	-	-
Total Community Services Programs/Operations	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Instruction	<u>5,022,554</u>	<u>(11,574)</u>	<u>5,010,980</u>	<u>4,965,105</u>	<u>45,875</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	241,772	(4,535)	237,237	231,957	5,280
Tuition to CSSD & Regional Day Schools		107,127	107,127	107,127	-
Tuition to Priv. Sch. For the Disabled W/ State	226,638	(11,805)	214,833	214,833	-
Tuition- State Facilities	4,500	-	4,500	4,500	-
Total Undistributed Expenditures - Instruction	<u>472,910</u>	<u>90,787</u>	<u>563,697</u>	<u>558,417</u>	<u>5,280</u>
Attendance and Social Work Services					
Salaries	30,238	-	30,238	30,238	-
Total Attendance and Social Work Services	<u>30,238</u>	<u>-</u>	<u>30,238</u>	<u>30,238</u>	<u>-</u>
Health Services					
Salaries	76,067	11,387	87,454	87,454	
Purchased Professional and Technical Services	4,500	(398)	4,102	4,000	102
Supplies and Materials	2,000	-	2,000	1,482	518
Total Health Services	<u>82,567</u>	<u>10,989</u>	<u>93,556</u>	<u>92,936</u>	<u>620</u>
Speech, OT, PT & Related Services					
Salaries	57,512	4,891	62,403	62,403	-
Purchased Professional-Educational Services	60,000	101,049	161,049	159,332	1,717
Supplies and Materials	250	-	250	131	119
Total Speech, OT, PT & Related Services	<u>117,762</u>	<u>105,940</u>	<u>223,702</u>	<u>221,866</u>	<u>1,836</u>
Other Support Serv. Students- Extra Serv.					
Other Objects	5,000	-	5,000	-	5,000
Total Other Support Serv. Students- Extra Serv.	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 70,616	\$ (16,811)	\$ 53,805	\$ 53,564	\$ 241
Supplies and Materials	2,000	157	2,157	1,466	691
Total Guidance	<u>72,616</u>	<u>(16,654)</u>	<u>55,962</u>	<u>55,030</u>	<u>932</u>
Child Study Teams					
Salaries of Other Professional Staff	313,718	(30,993)	282,725	282,725	
Purchased Professional-Educational Services	15,000	6,500	21,500	20,266	1,234
Other Purchased Professional & Technical Services		3,770	3,770	3,770	
Other Purchased Services	1,000	-	1,000	462	538
Supplies and Materials	3,000	-	3,000	2,990	10
Other Objects	2,500	-	2,500	2,410	90
Total Child Study Teams	<u>335,218</u>	<u>(20,723)</u>	<u>314,495</u>	<u>312,623</u>	<u>1,872</u>
Improvement of Instructional Services					
Purchased Professional-Educational Services	50,000	(3,500)	46,500	46,500	-
Total Improvement of Instructional Services	<u>50,000</u>	<u>(3,500)</u>	<u>46,500</u>	<u>46,500</u>	<u>-</u>
Educational Media Services/School Library					
Salaries	120,012	8,096	128,108	127,173	935
Supplies and Materials	4,000	1,000	5,000	4,388	612
Total Educational Media Serv./School Library	<u>124,012</u>	<u>9,096</u>	<u>133,108</u>	<u>131,561</u>	<u>1,547</u>
Instructional Staff Training Services					
Other Purch. Professional and Technical Services	1,500	-	1,500	1,500	-
Other Purchased Services	3,500	-	3,500	3,500	-
Total Instructional Staff Training Services	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Support Services General Administration					
Salaries	228,473	-	228,473	228,161	312
Health Benefits	52,807	2,000	54,807	54,807	-
Legal Services	15,000	11,995	26,995	17,757	9,238
Audit Fees	21,000	-	21,000	20,500	500
Other Purchased Professional Services	14,000	(2,051)	11,949	11,949	-
Purchased Technical Services	4,000	1,150	5,150	2,737	2,413
Communications/Telephone	29,000	5,816	34,816	27,306	7,510
BOE Other Purchased Services	3,000	(3,000)	-	-	-
Misc Purchased Services	1,500	26	1,526	1,526	-
General Supplies	9,000	513	9,513	9,017	496
BOE In-House Training/Meeting Supplies	3,000	(1,107)	1,893	572	1,321
Miscellaneous Expenditures	2,000	53	2,053	1,316	737
BOE Membership Dues and Fees	9,000	63	9,063	7,921	1,142
Total Support Services General Administration	<u>391,780</u>	<u>15,458</u>	<u>407,238</u>	<u>383,569</u>	<u>23,669</u>

Continued

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals	\$ 112,750	-	\$ 112,750	\$ 112,200	\$ 550
Salaries of Secretarial and Clerical Assistants	106,774	\$ (18,332)	88,442	88,036	406
Health Benefits	47,331	12,735	60,066	60,066	-
Purchased Professional and Technical Services	9,000	-	9,000	9,000	-
Other Purchased Services		1,000	1,000	938	62
Supplies and Materials	7,000	2,501	9,501	9,191	310
Other Objects	7,000	(1,000)	6,000	6,000	-
Total Support Services School Administration	<u>289,855</u>	<u>(3,096)</u>	<u>286,759</u>	<u>285,431</u>	<u>1,328</u>
Central Services					
Salaries	173,872	8,659	182,531	182,531	-
Health Benefits	41,748	2,000	43,748	43,748	-
Miscellaneous Purchased Services		1,000	1,000	774	226
Supplies and Materials	5,500	-	5,500	5,261	239
Other Objects	5,000	(1,000)	4,000	1,215	2,785
Total Central Services	<u>226,120</u>	<u>10,659</u>	<u>236,779</u>	<u>233,529</u>	<u>3,250</u>
Admin. Info. Technology					
Salaries	114,223	(27,618)	86,605	86,605	-
Purchased Technical Services	10,000	27,500	37,500	34,203	3,297
Health Benefits	34,463	(7,000)	27,463	27,463	-
Total Admin. Info. Technology	<u>158,686</u>	<u>(7,118)</u>	<u>151,568</u>	<u>148,271</u>	<u>3,297</u>
Required Maintenance for School Facilities					
Cleaning, Repair and Maint. Serv.	30,000	2,000	32,000	29,933	2,067
General Supplies	15,000	(2,000)	13,000	12,466	534
Total Required Maintenance for School Fac.	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>42,399</u>	<u>2,601</u>
Custodial Services					
Salaries	298,822	(9,463)	289,359	284,436	4,923
Salaries of Non-Instructional Aides	70,000	(15,117)	54,883	54,883	-
Health Benefits	50,794	(7,343)	43,451	40,000	3,451
Purchased Professional and Technical Services	10,000	10,000	20,000	20,000	-
Cleaning, Repair and Maint. Serv.	15,000	-	15,000	14,465	535
Other Purchased Property Services	60,000	1,000	61,000	54,821	6,179
Insurance	92,000	(2,000)	90,000	82,920	7,080
Miscellaneous Purchased Services	19,000	230	19,230	19,102	128
General Supplies	18,000	2,000	20,000	19,996	4
Energy (Electricity)	280,000	-	280,000	270,820	9,180
Energy (Natural Gas)	90,000	-	90,000	63,118	26,882
Other Objects	4,000	-	4,000	3,575	425
Total Custodial Services	<u>1,007,616</u>	<u>(20,693)</u>	<u>986,923</u>	<u>928,136</u>	<u>58,787</u>

Continued

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School)- Spec. Ed	\$ 21,815	-	\$ 21,815	\$ 21,458	\$ 357
Contracted Services (Other than Between Home and School)- Vendor	1,000	-	1,000		1,000
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	175,000	\$ (4,237)	170,763	157,731	13,032
Total Student Transportation Services	197,815	(4,237)	193,578	179,189	14,389
Unallocated Benefits - Employee Benefits					
Group Insurance	9,400	(4,537)	4,863	3,962	901
Social Security Contributions	122,663	(4,513)	118,150	96,963	21,187
Other Retirement Contributions-PERS		16,800	16,800	16,800	
Unemployment Compensation	15,000	4,513	19,513	19,513	
Workmen's Compensation	75,000	(27,233)	47,767	47,762	5
Tuition Reimbursement	15,000	(1,063)	13,937		13,937
Other Employee Benefits	168,500	(46,660)	121,840	121,244	596
Total Unallocated Benefits - Employee Benefits	405,563	(62,693)	342,870	306,244	36,626
On-behalf TPAF Pension System Contributions- Normal Costs & Accrued Liability (Non-Budget)					
				131,318	(131,318)
On-behalf TPAF Pension System Contributions-NCGI Cost (Non-Budget)					
				14,092	(14,092)
On-behalf TPAF Pension System Contributions-Post Retirement Medical Contributions (Non-Budget)					
				292,315	(292,315)
Reimbursed TPAF Social Security Payments (Non-Budget)					
	-	-	-	319,866	(319,866)
Total Undistributed Expenditures	4,017,758	104,215	4,121,973	4,718,530	(596,557)
Total Expenditures - Current Expenditures	9,040,312	92,641	9,132,953	9,683,635	(550,682)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	500	-	500	-	500
Equipment					
Undistributed Expenditures-Instruction	-	60,316	60,316	60,316	-
Total Equipment	-	60,316	60,316	60,316	-
Facilities Acquisition and Construction Services					
Other Objects- Debt Service Assessment	26,371	-	26,371	26,371	-
Total Facilities Acquisition and Construction Services	26,371	-	26,371	26,371	-
Total Capital Outlay	26,871	60,316	87,187	86,687	500
TRANSFER OF FUNDS TO CHARTER SCHOOL	21,516	35,735	57,251	57,251	-
Total Expenditures	9,088,699	188,692	9,277,391	9,827,573	(550,182)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	10,000	(99,217)	(89,217)	213,941	303,158

Continued

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Other Financing Sources					
Operating Transfers In				\$ 198	\$ 198
Operating Transfers Out	\$ (10,000)	-	\$ (10,000)	-	10,000
Total Other Financing Sources	(10,000)	-	(10,000)	198	10,198
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources		- \$ (99,217)	(99,217)	214,139	313,356
Fund Balance, Beginning of Year	503,931	-	503,931	503,931	-
Fund Balance, End of Year	<u>\$ 503,931</u>	<u>\$ (99,217)</u>	<u>\$ 404,714</u>	<u>\$ 718,070</u>	<u>\$ 313,356</u>

Recapitulation of Fund Balance

Restricted Fund Balance					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 62,115	
Excess Surplus				70,724	
Capital Reserve				12,121	
Maintenance Reserve				230,000	
Assigned Fund Balance					
Year-End Encumbrances				21,054	
Unassigned Fund Balance				<u>322,056</u>	
Reconciliation to Governmental Funds Statements (GAAP):				718,070	
Less: 2011/2012 Extraordinary Aid not Recognized in a GAAP Basis			\$ (72,056)		
2011/2012 State Aid Payments not Recognized in a GAAP Basis			<u>(1,262)</u>		
				<u>(73,318)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 644,752</u>	

EXHIBIT C-1A

CARLSTADT BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - EDUCATION JOBS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Federal Sources					
Education Jobs Fund	\$ 14,703	\$ 461	\$ 15,164	\$ 15,164	-
Total Revenues	\$ 14,703	\$ 461	\$ 15,164	\$ 15,164	\$ -
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers	\$ 14,703	\$ 461	\$ 15,164	\$ 15,164	-
Preschool					
Total Regular Programs - Instruction	14,703	461	15,164	15,164	-
Total Expenditures	\$ 14,703	\$ 461	\$ 15,164	\$ 15,164	\$ -

**CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 221,320	\$ 47,724	\$ 269,044	\$ 252,615	\$ (16,429)
Local Sources					
Miscellaneous	-	9,786	9,786	3,066	(6,720)
Total Revenues	<u>221,320</u>	<u>57,510</u>	<u>278,830</u>	<u>255,681</u>	<u>(23,149)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	42,570	-	42,570	42,570	-
Tuition	140,000	8,971	148,971	148,971	-
Purchased Professional-Educational Services	15,340	6,645	21,985	13,147	8,838
Purchased Professional and Technical Services	14,210	2,790	17,000	16,949	51
Other Purchased Services	-	3,975	3,975	3,399	576
Travel	-	2,575	2,575	-	2,575
General Supplies	2,800	15,211	18,011	17,267	744
Other Objects	-	2,224	2,224	-	2,224
Total Instruction	<u>214,920</u>	<u>42,391</u>	<u>257,311</u>	<u>242,303</u>	<u>15,008</u>
Support Services					
Purchased Professional-Educational Services		155	155		155
Purchased Professional and Technical Services		6,056	6,056	6,056	-
Personal Services-Employee Benefits	6,400	8,908	15,308	7,322	7,986
Total Support Services	<u>6,400</u>	<u>15,119</u>	<u>21,519</u>	<u>13,378</u>	<u>8,141</u>
Total Expenditures	<u>221,320</u>	<u>57,510</u>	<u>278,830</u>	<u>255,681</u>	<u>23,149</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 10,041,514	(C-2)	\$ 255,681
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2011			1,503
Last State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2010/2011 State Aid)	50,550		
Last State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2011/2012 State Aid)	<u>(73,318)</u>		<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 10,018,746</u>		 <u>\$ 257,184</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 9,827,573	(C-2)	\$ 255,681
Differences - Budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.			
Encumbrances, June 30, 2011	<u>-</u>		<u>1,503</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 9,827,573</u>		 <u>\$ 257,184</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	NCLB Title I	NCLB Title II-A	NCLB Title III	NCLB Title II-D	NCLB Title IV	ARRA IDEA Part-B Basic	Local Grants	IDEA Basic	IDEA Preschool	Total					
REVENUES															
Intergovernmental	\$ 78,043	\$ 12,191	\$ 4,270	\$ 161	\$ 795	\$ 8,184	\$ 3,066	\$ 142,315	\$ 6,656	\$ 3,066	\$ 252,615				
Local															
Federal	\$ 78,043	\$ 12,191	\$ 4,270	\$ 161	\$ 795	\$ 8,184	\$ 3,066	\$ 142,315	\$ 6,656	\$ 3,066	\$ 255,681				
Total Revenues															
EXPENDITURES															
Instruction	\$ 42,570							\$ 142,315	\$ 6,656	\$ 42,570					
Salaries of Teachers															
Tuition - Other Purchased Services		\$ 12,191		\$ 161	\$ 795			\$ 142,315	\$ 6,656	\$ 148,971					
Purchased Professional - Educational Services	16,949									13,147					
Purchased Professional & Technical Services	3,399									16,949					
Other Purchased Services										3,399					
Travel	7,803		\$ 4,120				\$ 3,066								
General Supplies															
Total Instruction	70,721	12,191	4,120	161	795	2,278	3,066	142,315	6,656	242,303					
Support Services															
Purchased Professional & Technical Services			150			5,906					6,056				
Personal Services - Employee Benefits	7,322										7,322				
Total Support Services	7,322		150			5,906					13,378				
Total Expenditures	\$ 78,043	\$ 12,191	\$ 4,270	\$ 161	\$ 795	\$ 8,184	\$ 3,066	\$ 142,315	\$ 6,656	\$ 255,681					

**CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**CARLSTADT BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance, June 30, 2012</u>
	<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	
Construction of New Pre-Kindergarten to 8th Grade School	\$ 28,629,810	\$ 28,495,887	\$ 70,934	\$ 62,989
Project Balance				\$ 62,989
Debt Authorized But Not Issued				(181)
Fund Balance - GAAP Basis				<u>\$ 62,808</u>
<u>Recapitulation of Fund Balance</u>				
Restricted for Capital Projects:				
Year End Encumbrances				\$ 53,500
Available for Capital Projects				<u>9,308</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 62,808</u>

**CARLSTADT 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, 2012**

Revenues and Other Financing Sources	
Interest Earnings	\$ <u>198</u>
Total Revenues	<u>198</u>
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	70,934
Transfer to General Fund	<u>198</u>
Total Expenditures and Other Financing Uses	<u>71,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,934)
Fund Balance - Beginning of Year	<u>133,742</u>
Fund Balance - End of Year	<u>\$ <u>62,808</u></u>

**CARLSTADT BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 4,182,629		\$ 4,182,629	\$ 4,182,629
Bond Proceeds and Transfers	24,447,000		24,447,000	24,447,181
Interest Earnings	1,081,068	\$ 198	1,081,266	-
 Total Revenues	 <u>29,710,697</u>	 <u>198</u>	 <u>29,710,895</u>	 <u>28,629,810</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	3,632,151	70,934	3,703,085	5,715,410
Land and Improvements	400,000		400,000	66,338
Construction Services	23,183,209		23,183,209	21,917,000
Equipment	275,347		275,347	
Supplies	405		405	
Furniture	370,157		370,157	375,000
Fees and Permits	118,363		118,363	117,942
Other Objects	516,255	-	516,255	438,120
Transfer to Debt Service Fund	111,339		111,339	
Transfer to General Fund	969,729	198	969,927	-
 Total Expenditures	 <u>29,576,955</u>	 <u>71,132</u>	 <u>29,648,087</u>	 <u>28,629,810</u>
 Excess (Deficiency) or Revenues Over (Under) Expenditures	 <u>\$ 133,742</u>	 <u>\$ (70,934)</u>	 <u>\$ 62,808</u>	 <u>\$ -</u>
Additional Project Information:				
Project Number	0740-N01-04-00GY			
Grant Date	5/3/2004			
Bond Authorization Date	3/9/2004			
Bonds Authorized	24,447,181			
Bonds Issued	24,447,000			
Original Authorized Cost	28,629,810			
Additional Authorized Cost	-			
Revised Authorized Cost	28,629,810			
 Percentage Increase Over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	9/2006			
Revised Target Completion Date	6/2011			

ENTERPRISE FUND

EXHIBIT G-1

**CARLSTADT BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUND

**CARLSTADT BOARD OF EDUCATION
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

**Shared Service
Agreement-
Network
Technology
Support**

ASSETS

Current Assets

Cash and Cash Equivalents

\$ 13,895

Total Assets

13,895

NET ASSETS

Unrestricted

13,895

Total Net Assets

\$ 13,895

**CARLSTADT BOARD OF EDUCATION
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Shared Service Agreements- Network Technology Support
Net Assets , Beginning of Year	\$ <u>13,895</u>
Net Assets, End of Year	\$ <u>13,895</u>

**CARLSTADT BOARD OF EDUCATION
INTERNAL SERVICE FUND
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Shared Service Agreements- Network Technology Support
Cash and Cash Equivalents, Beginning of Year	\$ <u>13,895</u>
Cash and Cash Equivalents, End of Year	\$ <u>13,895</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ <u>-</u>
Net Cash Provided by Operating Activities	\$ <u>-</u>

FIDUCIARY FUNDS

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 39,110	\$ 137	\$ 39,247
Total Assets	<u>\$ 39,110</u>	<u>\$ 137</u>	<u>\$ 39,247</u>
LIABILITIES			
Due to Other Funds		\$ 137	\$ 137
Accounts Payable	\$ 967		967
Due to Student Groups	<u>38,143</u>	<u>-</u>	<u>38,143</u>
Total Liabilities	<u>\$ 39,110</u>	<u>\$ 137</u>	<u>\$ 39,247</u>

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2012</u>
ELEMENTARY/MIDDLE SCHOOL				
Carlstadt School Fund	\$ 34,860	\$ 49,936	\$ 45,686	\$ 39,110
Total	<u>\$ 34,860</u>	<u>\$ 49,936</u>	<u>\$ 45,686</u>	<u>\$ 39,110</u>

**CARLSTADT BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2012</u>
ASSETS				
Cash	\$ 864	\$ 5,935,591	\$ 5,936,318	\$ 137
Total Assets	<u>\$ 864</u>	<u>\$ 5,935,591</u>	<u>\$ 5,936,318</u>	<u>\$ 137</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 504	\$ 3,400,474	\$ 3,400,978	
Accrued Salaries and Wages		2,534,980	2,534,980	
Due to Other Funds	<u>360</u>	<u>137</u>	<u>360</u>	<u>\$ 137</u>
Total Liabilities	<u>\$ 864</u>	<u>\$ 5,935,591</u>	<u>\$ 5,936,318</u>	<u>\$ 137</u>

LONG-TERM DEBT

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Issue</u>	<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>July 1, 2011</u>	<u>Retired</u>	<u>June 30, 2012</u>
2005 School Bonds-Construction of new pre-kindergarten to 8th grade school	5/1/2005	\$ 24,447,000	5/1/2013	\$ 765,000	4.00			
			5/1/2014	800,000	4.25			
			5/1/2015	835,000	4.25			
			5/1/2016	870,000	4.25			
			5/1/2017	910,000	4.25			
			5/1/2018	955,000	4.25			
			5/1/2019	995,000	4.25			
			5/1/2020	1,040,000	4.25			
			5/1/2021	1,085,000	4.375			
			5/1/2022	1,135,000	4.50			
		5/1/2023	1,185,000	4.50				
		5/1/2024	1,240,000	4.50				
		5/1/2025	1,295,000	4.50				
		5/1/2026	1,350,000	4.50				
		5/1/2027	1,415,000	4.50				
		5/1/2028	1,475,000	4.50				
		5/1/2029	1,545,000	4.50				
		5/1/2030	1,612,000	4.50				
Totals						\$ 21,237,000	\$ 730,000	\$ 20,507,000
Totals						\$ 21,237,000	\$ 730,000	\$ 20,507,000

EXHIBIT 1-2

CARLSTADT BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Amount</u>	<u>Interest</u>	<u>Balance, June 30, 2011</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
Various Digital Copiers with Accessories	\$ 104,390	4.89%	\$ 48,437	\$ 21,710	\$ 26,727
			<u>\$ 48,437</u>	<u>\$ 21,710</u>	<u>\$ 26,727</u>

**CARLSTADT BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,660,821	-	\$ 1,660,821	\$ 1,660,821	-
Total Revenues	<u>1,660,821</u>	<u>-</u>	<u>1,660,821</u>	<u>1,660,821</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	730,000		730,000	730,000	
Interest	930,821		930,821	930,821	
Total Expenditures	<u>1,660,821</u>	<u>-</u>	<u>1,660,821</u>	<u>1,660,821</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	877	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 877</u>	<u>\$ -</u>
<u>Recapitulation of Fund Balance</u>					
Available for Future Debt Service Expenditures			\$ 877		
Total Fund Balance - Restricted for Debt Service			<u>\$ 877</u>		

STATISTICAL SECTION

This part of the Carlstadt's 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.

CARLSTADT BOARD OF EDUCATION
NET ASSETS BY COMPONENT,
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 928,445	\$ 1,352,477	\$ 1,227,191	\$ 5,304,258	\$ 5,384,844	\$ 5,192,883	\$ 5,300,976	\$ 5,244,675	\$ 5,461,934
Restricted	13,331	114,964	166,857	56,691	16,122	12,022	12,122	12,998	242,998
Unrestricted	610,521	(295,741)	361,067	632,121	102,678	(102,264)	(158,324)	342,738	225,134
Total governmental activities net assets	\$ 1,552,297	\$ 1,171,700	\$ 1,755,115	\$ 5,993,070	\$ 5,503,644	\$ 5,102,641	\$ 5,154,774	\$ 5,600,411	\$ 5,930,066
Business-type activities									
Invested in capital assets, net of related debt	\$ 480	\$ 1,037	\$ 1,636	\$ 80,183	\$ 85,206	\$ 68,863	\$ 63,203	\$ 57,543	\$ 51,883
Restricted	480	1,037	1,636	3,597	9,102	14,230	35,691	58,210	86,115
Total business-type activities net assets	\$ 480	\$ 1,037	\$ 1,636	\$ 83,780	\$ 94,308	\$ 83,093	\$ 98,894	\$ 115,753	\$ 137,998
District-wide									
Invested in capital assets, net of related debt	\$ 928,445	\$ 1,352,477	\$ 1,227,191	\$ 5,384,441	\$ 5,470,050	\$ 5,261,746	\$ 5,364,179	\$ 5,302,218	\$ 5,513,817
Restricted	13,331	114,964	166,857	56,691	16,122	12,022	12,122	12,998	242,998
Unrestricted	611,001	(294,704)	362,703	635,718	111,780	(88,034)	(122,633)	400,948	311,249
Total district net assets	\$ 1,552,777	\$ 1,172,737	\$ 1,756,751	\$ 6,076,850	\$ 5,597,952	\$ 5,185,734	\$ 5,253,668	\$ 5,716,164	\$ 6,068,064

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 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

CARLSTADT BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities									
Instruction									
Regular	\$ 3,617,396	\$ 3,890,489	\$ 4,302,812	\$ 4,534,787	\$ 4,748,821	\$ 4,870,074	\$ 4,921,499	\$ 4,946,784	\$ 5,187,427
Special Education	897,442	1,109,437	1,003,358	1,283,980	1,422,783	1,464,019	1,239,255	1,041,124	1,284,951
Other Instruction	276,860	285,449	272,507	372,768	259,117	430,879	233,466	114,477	312,235
School Sponsored Activities and Athletics	23,068	22,718	20,540	15,813	18,426	23,320	26,782	24,084	19,583
Community Service Programs							40,000		
Support Services:									
Student & Instruction Related Services	786,981	809,539	1,000,359	730,316	822,097	793,598	1,140,575	1,061,883	979,154
School Administrative Services	645,344	582,320	375,264	296,246	293,758	414,706	342,746	317,607	321,801
General Administration	432,117	341,422	294,639	349,800	306,511	360,938	351,870	404,109	433,145
Plant Operations and Maintenance	784,027	805,267	812,218	870,099	1,601,787	1,544,963	1,506,301	1,526,383	1,550,382
Pupil Transportation	205,789	176,101	180,826	214,652	253,191	199,780	199,780	194,250	181,371
Business/Central Svc./Admin. Info.	189,329	218,542	202,098	319,873	434,574	243,635	457,726	454,975	409,172
Interest on Long-Term Debt		176,537	1,059,222	1,056,238	1,031,721	1,011,375	985,125	957,124	927,873
Total governmental activities expenses	7,858,353	8,417,821	9,523,843	10,044,572	11,192,786	11,357,470	11,445,125	11,042,800	11,607,294
Business-type activities:									
Food service	29,198	31,005	35,271	44,139	246,905	250,371	245,682	258,326	285,404
Total business-type activities expense	29,198	31,005	35,271	44,139	246,905	250,371	245,682	258,326	285,404
Total district expenses	\$ 7,887,551	\$ 8,448,826	\$ 9,559,114	\$ 10,088,711	\$ 11,439,691	\$ 11,607,841	\$ 11,690,807	\$ 11,301,126	\$ 11,892,698
Program Revenues									
Governmental activities:									
Charges for Services	\$ 1,035,511	\$ 1,055,643	\$ 1,148,094	\$ 1,419,342	\$ 1,381,938	\$ 1,238,975	\$ 55,601	\$ 106,667	\$ 39,400
Operating Grants and Contributions	20,913	-	-	4,161,716	-	-	1,386,606	937,791	1,257,255
Capital Grants and Contributions	1,056,424	1,055,643	1,148,094	5,381,058	1,487,938	1,282,851	2,699,462	2,301,713	1,296,655
Total governmental activities program revenues									
Business-type activities:									
Charges for services	\$ 6,566	\$ 7,976	\$ 7,926	\$ 8,046	\$ 192,726	\$ 191,060	\$ 187,389	\$ 195,964	\$ 207,542
Food Service	6,387	7,476	11,212	15,907	46,071	57,669	74,082	79,198	100,089
Operating Grants and Contributions				84,900	-	-	100,089	-	-
Capital Grants and Contributions	12,953	15,452	19,138	108,853	238,797	248,729	361,560	275,162	307,631
Total business-type activities program revenues	\$ 1,069,377	\$ 1,071,095	\$ 1,167,232	\$ 5,689,911	\$ 1,726,735	\$ 1,531,580	\$ 3,061,022	\$ 2,576,875	\$ 1,604,286
Total district program revenues									
Net (Expense)/Revenue									
Governmental activities	\$ (6,801,929)	\$ (7,362,178)	\$ (8,375,749)	\$ (4,463,514)	\$ (9,704,848)	\$ (10,074,619)	\$ (8,745,663)	\$ (8,741,087)	\$ (10,310,639)
Business-type activities	(16,245)	(15,553)	(16,133)	64,714	(8,108)	(1,642)	115,878	16,836	22,227
Total district-wide net expense	\$ (6,818,174)	\$ (7,377,731)	\$ (8,391,882)	\$ (4,398,800)	\$ (9,712,956)	\$ (10,076,261)	\$ (8,629,785)	\$ (8,724,251)	\$ (10,288,412)

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

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 6,219,059	\$ 6,811,889	\$ 7,076,225	\$ 7,349,150	\$ 7,443,116	\$ 7,997,855	\$ 8,380,526	\$ 8,765,178	\$ 8,940,482
Taxes levied for debt service			1,100,115	1,533,835	1,609,852	1,651,221	1,655,621	1,658,821	1,660,821
Unrestricted grants and contributions	51,753	65,326	65,781	67,187	78,308	2,778	2,259	248	
Loss on disposal of capital assets	(227)								
Investment earnings	3,961	118,453	731,401	244,212	84,726	8,047	1,661	3,738	3,990
Miscellaneous income	10,862	2,023	2,374	2,255	17,535	27,799	14,984	15,994	35,001
Transfers	(15,495)	(16,110)	(16,732)	(17,430)	(18,115)				
Loss on Disposal of Capital Assets				(477,740)					
Total governmental activities	6,269,913	6,981,581	8,959,164	8,701,469	9,215,422	9,687,700	10,055,051	10,443,979	10,640,284
Business-type activities:									
Investment earnings					521	167	12	23	18
Transfers	15,495	16,110	16,732	17,430	18,115				
Total business-type activities	15,495	16,110	16,732	17,430	18,115				
Total district-wide	\$ 6,285,408	\$ 6,997,691	\$ 8,975,896	\$ 8,718,899	\$ 9,234,058	\$ 9,687,867	\$ 10,055,063	\$ 10,444,002	\$ 10,640,312
Change in Net Assets									
Governmental activities	\$ (532,016)	\$ (380,597)	\$ 583,415	\$ 4,237,955	\$ (489,426)	\$ (386,919)	\$ 1,309,388	\$ 1,702,892	\$ 329,655
Business-type activities	(750)	557	599	82,144	10,528	(1,475)	115,890	16,859	22,245
Total district	\$ (532,766)	\$ (380,040)	\$ 584,014	\$ 4,320,099	\$ (478,898)	\$ (388,394)	\$ 1,425,278	\$ 1,719,751	\$ 351,900

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 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

CARLSTADT BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 81,407	\$ 36,654	\$ 656,647	\$ 805,910	\$ 336,593	\$ 16,336	\$ 19,593		
Unreserved	197,051	37,038	117,496	235,719	114,938	80,784	78,883		
Restricted								\$ 104,236	\$ 374,960
Committed								99,145	21,054
Assigned								250,000	248,738
Unassigned									
Total general fund	\$ 278,458	\$ 73,692	\$ 774,143	\$ 1,041,629	\$ 451,531	\$ 97,120	\$ 98,476	\$ 453,381	\$ 644,732
All Other Governmental Funds									
Reserved	\$ 1,008,284	\$ 21,513,975	\$ 9,653,101	\$ 1,227,547	\$ 149,060	\$ 152,500	\$ 11,500		
Unreserved	(1,463,307)	995,382	(819,724)	1,276,886	881,263	614,706	375,336		
Restricted								\$ 134,619	\$ 63,685
Committed									
Assigned									
Unassigned									
Total all other governmental funds	\$ (455,023)	\$ 22,509,357	\$ 8,833,377	\$ 2,504,433	\$ 1,030,323	\$ 767,206	\$ 386,836	\$ 134,619	\$ 63,685

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 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

**CARLSTADT BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS**
(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Property Tax levy	\$ 6,219,059	\$ 6,811,889	\$ 8,176,340	\$ 8,882,985	\$ 9,052,968	\$ 9,649,076	\$ 10,036,147	\$ 10,423,999	\$ 10,601,303
Interest Earnings	3,961	118,453	731,401	244,212	84,726	8,047	1,661	3,738	3,990
Miscellaneous	11,754	2,137	2,389	2,255	17,535	27,799	15,534	55,950	77,467
State Sources	923,415	935,746	1,034,670	5,476,665	1,028,696	1,028,518	1,079,800	665,419	984,907
Federal Sources	183,870	185,109	179,190	171,580	171,550	213,235	308,515	272,620	269,282
Total revenue	<u>7,342,059</u>	<u>8,053,334</u>	<u>10,123,990</u>	<u>14,777,697</u>	<u>10,615,475</u>	<u>10,926,675</u>	<u>11,441,657</u>	<u>11,421,726</u>	<u>11,936,949</u>
Expenditures									
Instruction									
Regular Instruction	3,513,114	3,769,935	4,173,184	4,506,580	4,716,080	4,749,089	4,853,027	4,878,455	5,080,080
Special Education Instruction	897,153	1,109,148	1,000,109	1,283,968	1,422,783	1,459,747	1,239,255	1,051,845	1,284,951
Other Instruction	276,860	282,973	272,507	372,780	259,117	439,491	233,466	114,477	312,235
School Sponsored Activities and Athletics	23,068	22,718	20,540	15,813	18,426	22,983	26,782	24,084	19,583
Community Service Programs							40,000		
Support Services:									
Student & Inst. Related Services	772,783	794,049	977,681	730,316	822,097	800,478	1,139,326	1,066,322	979,154
General Administrative	429,891	339,196	300,413	364,800	318,758	358,193	387,351	395,497	433,145
School Administrative Services	640,371	577,089	296,246	296,246	321,511	439,272	344,942	326,219	321,801
Plant Operations and Maintenance	793,777	792,122	801,226	691,961	1,047,851	999,639	936,718	942,845	979,321
Pupil Transportation	205,789	176,101	180,826	214,652	253,191	199,963	199,780	194,250	181,371
Business Svcs./Central Svcs/Admin. Info. Tech.	189,329	218,542	202,098	319,873	328,775	197,346	415,614	390,882	409,172
Capital outlay	515,547	1,642,737	13,728,130	10,452,647	1,479,056	267,672	311,077	251,713	131,250
Debt service:									
Principal				585,000	638,102	659,607	689,657	720,658	751,710
Interest and other charges			1,059,222	1,059,221	1,038,747	1,015,642	989,592	961,791	932,739
Total expenditures	<u>8,257,682</u>	<u>9,724,610</u>	<u>23,082,787</u>	<u>20,893,857</u>	<u>12,664,494</u>	<u>11,609,122</u>	<u>11,806,587</u>	<u>11,319,038</u>	<u>11,816,512</u>
Excess (Deficiency) of revenues over (under) expenditures	(915,623)	(1,671,276)	(12,958,797)	(6,116,160)	(2,049,019)	(682,447)	(364,930)	102,688	120,437
Other Financing sources (uses)									
Proceeds from borrowing		24,447,000							
Capital Leases				72,132		64,919			
Transfers in	76	110,387	708,667	192,846	65,147	2,432	637	876	198
Transfers out	(15,571)	(126,497)	(725,399)	(210,276)	(83,262)	(2,432)	(637)	(876)	(198)
Total other financing sources (uses)	<u>(15,495)</u>	<u>24,430,890</u>	<u>(16,732)</u>	<u>54,702</u>	<u>(18,115)</u>	<u>64,919</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (931,118)</u>	<u>\$ 22,759,614</u>	<u>\$ (12,975,529)</u>	<u>\$ (6,061,458)</u>	<u>\$ (2,067,134)</u>	<u>\$ (617,528)</u>	<u>\$ (364,930)</u>	<u>\$ 102,688</u>	<u>\$ 120,437</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	11.32%	10.14%	9.29%	8.96%	8.61%	8.69%	7.98%

* Noncapital expenditures are total expenditures less capital outlay and debt service.

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 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Tuition</u>	<u>Refunds/ Reimbursements</u>	<u>Book Fines</u>	<u>Insurance Settlement</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	\$ 4,465	\$ 15,340				\$ 4,085	\$ 23,890
2004	3,628					10,862	14,490
2005	7,819		\$ 1,673				9,492
2006	22,376		1,878	\$ 129		317	24,700
2007	50,844		751	204			51,799
2008	18,982				\$ 11,283	152	30,417
2009	4,628					1,761	6,389
2010	1,024		14,583	122		279	16,008
2011	2,862	39,956				15,994	58,812
2012	3,792	39,400				35,001	78,193

CARLSTADT BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2003	\$ 96,071,140	\$ 234,397,907			\$ 176,314,660	\$ 531,323,180	\$ 5,691,900	\$ 1,043,798,787	\$ 1,933,339	\$ 1,045,752,126	\$ 1,536,515,025	\$ 0.595
2004	93,619,340	236,537,207			181,635,070	529,753,880	5,691,900	1,047,237,397	1,893,057	1,049,130,454	1,603,684,583	0.654
2005	84,942,340	237,712,207			201,179,070	523,393,480	5,691,900	1,052,918,997	2,117,102	1,055,036,099	1,821,979,368	0.775
2006	17,155,380	239,279,607			192,661,410	525,909,080	5,691,900	980,697,577	2,894,475	983,591,852	1,835,421,424	0.903
2007	15,548,680	242,047,507			190,698,410	518,931,180	5,691,900	972,917,677	2,284,763	975,202,440	2,116,186,545	0.903
2008	17,591,430	242,799,307			190,984,410	511,520,980	5,691,900	968,588,027	2,081,101	970,669,128	2,364,059,993	0.994
2009	17,166,930	245,689,007			192,848,910	501,540,188	5,691,900	962,936,935	1,948,795	964,885,730	2,599,309,481	1.041
2010	18,265,130	246,979,407			191,699,410	491,574,688	5,691,900	954,210,535	1,865,607	956,076,142	2,692,987,959	1.090
2011	18,162,930	246,384,007			173,503,810	488,209,888	5,691,900	931,952,535	1,813,445	933,765,980	2,258,731,302	1.135
2012	19,242,430	245,690,007			160,241,410	488,367,588	5,691,900	919,233,335	1,813,445	921,046,780		1.169

Source: Municipal Tax Collector

^a Tax rates are per \$100

CARLSTADT BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Calendar Year	Overlapping Rates					Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Regional School District	Municipality	Municipal Library	County	
2003	\$ 0.595	\$ 0.450	\$ 1.011		\$ 0.314	\$ 2.370
2004	0.654	0.453	1.120		0.315	2.542
2005	0.775	0.492	1.175		0.341	2.783
2006	0.903	0.536	1.288		0.333	3.060
2007	0.903	0.536	1.279		0.341	3.059
2008	0.994	0.588	1.476		0.447	3.505
2009	1.041	0.595	1.688		0.504	3.828
2010	1.090	0.636	1.727		0.548	4.001
2011	1.135	0.617	1.685	\$ 0.083	0.495	4.015
2012	1.169	0.634	1.767	0.078	0.497	4.145

Source: Municipal Tax Collector

EXHIBIT J-8

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

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 89,753,600	9.6%		
AMB	41,076,200	4.4%		
Prologis	22,818,000	2.4%		
Trans Con Pipe Line	45,047,100	4.8%		
Meadowland Pms.	11,000,000	1.2%		
Plank Pat. Realty	7,500,000	0.8%		
455 16th St.	7,750,000	0.8%		
Barell Assoc.	7,190,000	0.8%		
A.G. Holdings	5,825,000	0.6%		
Individual Taxpayer	2,000,000	0.2%		
	<u>\$ 239,959,900</u>	25.7%	\$ -	0.00%

NOT AVAILABLE

**CARLSTADT 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	
2003	\$ 6,255,956	\$ 6,255,956	100.00%	
2004	6,219,059	6,219,059	100.00%	
2005	6,811,889	6,811,889	100.00%	
2006	8,176,340	8,176,340	100.00%	
2007	8,882,985	8,882,985	100.00%	
2008	9,052,968	9,052,968	100.00%	
2009	9,649,076	9,649,076	100.00%	
2010	10,036,147	10,036,147	100.00%	
2011	10,423,999	10,423,999	100.00%	
2012	10,601,303	10,601,303	100.00%	

Source: District Records

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Capital Leases	Activities			
2005	\$ 24,447,000				\$ 24,447,000	5,925	\$ 4,126
2006	24,447,000				24,447,000	5,916	4,132
2007	23,862,000	\$ 66,542			23,928,542	5,965	4,011
2008	23,247,000	43,440			23,290,440	5,999	3,882
2009	22,607,000	88,752			22,695,752	6,059	3,746
2010	21,937,000	69,095			22,006,095	6,134	3,588
2011	21,237,000	48,437			21,285,437	6,168	3,451
2012	20,507,000	26,727			20,533,727	6,168 (E)	3,329

(E) Estimated

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

CARLSTADT BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2005	\$ 24,447,000		\$ 24,447,000	2.32%	\$ 4,119
2006	24,447,000		24,447,000	2.49%	4,120
2007	23,862,000		23,862,000	2.45%	3,999
2008	23,247,000		23,247,000	2.39%	3,869
2009	22,607,000		22,607,000	2.34%	3,771
2010	21,937,000		21,937,000	2.29%	3,576
2011	21,237,000		21,237,000	2.27%	3,443
2012	20,507,000		20,507,000	2.23%	3,325

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**CARLSTADT BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Carlstadt Board of Education	\$ 21,237,000	\$ 21,237,000	
Borough of Carlstadt	<u>13,996,754</u>	<u>1,335,000</u>	<u>\$ 12,661,754</u>
	<u>\$ 35,233,754</u>	<u>\$ 22,572,000</u>	<u>12,661,754</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			9,211,640
Bergen County Utilities Authority - Water Pollution (B)			<u>2,882,857</u>
			<u>12,094,497</u>
Total Direct and Overlapping Debt			<u>\$ 24,756,251</u>

Source:

(1) Borough of Carlstadt's 2011 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt by dividing the municipality's 2011 equalized value by the total 2011 equalized value for Bergen County.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

CARLSTADT BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	
2011	\$2,153,807,569
2010	2,312,677,012
2009	2,718,624,887
[A]	<u>\$7,185,109,468</u>

[A/3]	\$2,395,036,489
[B]	71,851,095 ^a
[C]	20,507,181
[B-C]	<u>\$ 51,343,914</u>

Average equalized valuation of taxable property

Debt limit (3 % of average equalization value)
 Total Net Debt Applicable to Limit
 Legal debt margin

Fiscal Year Ended June 30.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 40,893,059	\$ 44,995,107	\$ 49,171,616	\$ 53,292,153	\$ 58,422,538	\$ 64,019,299	\$ 70,452,130	\$ 76,552,647	\$ 76,190,337	\$ 71,851,095
Total net debt applicable to limit	-	28,629,810	24,447,181	24,447,181	23,862,181	23,247,181	22,607,181	21,937,181	21,237,181	20,507,181
Legal debt margin	<u>\$ 40,893,059</u>	<u>\$ 16,365,297</u>	<u>\$ 24,724,435</u>	<u>\$ 28,844,972</u>	<u>\$ 34,560,357</u>	<u>\$ 40,772,118</u>	<u>\$ 47,844,949</u>	<u>\$ 54,615,466</u>	<u>\$ 54,953,156</u>	<u>\$ 51,343,914</u>

Total net debt applicable to the limit
 as a percentage of debt limit

	0.00%	63.63%	49.72%	45.87%	40.84%	36.31%	32.09%	28.66%	27.87%	28.54%
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Source: Annual Debt Statements

EXHIBIT J-14

**CARLSTADT 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>
2003	5,928	\$ 51,292	3.7%
2004	5,932	54,462	3.0%
2005	5,941	56,706	3.1%
2006	5,925	62,714	3.3%
2007	5,916	67,394	3.0%
2008	5,965	68,227	3.9%
2009	5,999	63,198	7.0%
2010	6,059	65,486	7.20%
2011	6,134	N/A	7.10%
2012	6,168	N/A	N/A

N/A - Not Available

(E) Estimated

Source: New Jersey State Department of Education

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

Employer	2012		2003	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Allied Beverages		N/A	NOT AVAILABLE	
Coca-Cola		N/A		
Thumann's		N/A		
Impact Clothing		N/A		
Cadent-Ortho		N/A		
Medi/media		N/A		
Manhattan Products		N/A		
Sun Chemical		N/A		
Nash Distributors		N/A		
Water-Jel		N/A		

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

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	47	45	45	46	45	46	47	46	47	49
Special Education										
Other Special Education	5	5	5	4	14	5	5	6	6	11
Vocational										
Other Instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	6	6	6	6	8	2	6	6	6	8
General administration	2	2	2	2	2	3	3	3	3	2
School administrative services	6	6	6	5	3	3	3	3	3	3
Other administrative services										
Central services	2	2	2	2	2	2	2	2	2	2
Administrative Information Technology										
Plant operations and maintenance	5	5	5	5	5	5	5	5	5	7
Pupil transportation										
Other support services										
Special Schools										
Food Service										
Child Care										
Total	73	71	71	70	79	66	71	71	72	83

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Ratio				
2002	533	\$ 6,561,288	\$ 12,310	3.22%	48	1:11		533	506	1.52%	94.93%
2003	510	7,164,727	14,048	14.12%	49	1:10		510	486	-4.32%	95.29%
2004	519	7,742,135	14,917	6.19%	50	1:10		519	492	1.76%	94.80%
2005	508	8,081,873	15,909	6.65%	50	1:02		508	483	-2.12%	95.08%
2006	525	8,295,435	15,801	-0.68%	49	1:11		525	499	3.35%	95.05%
2007	545	8,615,159	15,808	0.04%	49	1:11		536	507	2.10%	94.59%
2008	548	9,531,691	17,394	10.03%	50	1:11		567	540	5.78%	95.24%
2009	591	9,666,201	16,356	-5.97%	50	1:11		582	557	2.65%	95.70%
2010	588	9,816,261	16,694	2.07%	50	1:12		575	548	-1.20%	95.30%
2011	595	9,384,876	15,773	-5.52%	53	1:13		592	564	2.96%	95.27%
2012	584	10,000,813	17,125	8.57%	48	1:12		580	555	-2.03%	95.69%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

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

District Building	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Lincoln School										
Square Feet	28,000	28,000	28,000	28,000						
Capacity (students)	N/A	N/A	N/A	N/A						
Enrollment	125	135	134	190						
Lindbergh										
Square Feet	70,434	70,434	70,434	70,434						
Capacity (students)	N/A	N/A	N/A	N/A						
Enrollment *	106	106	100	-						
Washington										
Square Feet	44,000	44,000	44,000	44,000						
Capacity (students)	N/A	N/A	N/A	N/A						
Enrollment	279	278	274	335						
Carlstadt Public School										
Square Feet					111,000	111,000	111,000	111,000	111,000	111,000
Capacity (students)										
Enrollment					531	567	582	580	595	584

Number of Schools at June 30, 2012
Elementary/Middle = 1

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

Project # (s)	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
School Facilities										
Lincoln Elementary School	\$ 15,720	\$ 11,532	\$ 11,684	\$ 12,268						
Lindbergh Elementary School	14,976	10,986	4,368							
Washington Middle School	36,849	27,029	12,749	12,442						
Carlstadt School Public School	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 15,600</u>	<u>\$ 9,726</u>	<u>\$ 27,612</u>	<u>\$ 29,770</u>	<u>\$ 38,954</u>	<u>\$ 42,399</u>
Grand Total	<u>\$ 67,545</u>	<u>\$ 49,547</u>	<u>\$ 28,801</u>	<u>\$ 24,710</u>	<u>\$ 15,600</u>	<u>\$ 9,726</u>	<u>\$ 27,612</u>	<u>\$ 29,770</u>	<u>\$ 38,954</u>	<u>\$ 42,399</u>

Source: District Records

Source: School District's financial statements

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2012
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Property *		
Blanket Buildings and Contents	\$ 27,247,008	\$5,000
Commercial General Liability *	\$ 1,000,000/ \$ 2,000,000	
Employers Liability	\$ 1,000,000	\$1,000
Automobile *	\$ 1,000,000	\$ 1,000 comp. \$1,000 coll.
Commercial Umbrella	\$ 1,000,000	Primary Policies
Selective Way Insurance	\$ 9,000,000	First Umbrella Layer
Fireman's Fund Insurance Co.	\$ 50,000,000	Shared Pool Excess Layer
Boiler and Machinery*	\$ 250,000 \$ 5,000	Shared Pool Limit Deductible
Education Legal Liability/Employment Practices Liability Darwin Insurance Co.	\$ 1,000,000	
Excess & Special Risk (Terrorism) American Alternative Insurance Co.	\$ 1,000,000	
Public Employee Dishonesty *	\$ 400,000	\$100,000 per Employee
* Selective Way Insurance Co.		

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

Honorable President and Members
of the Board of Trustees
Carlstadt Board of Education
Carlstadt, 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 Carlstadt Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Carlstadt Board of Education's basic financial statements and have issued our report thereon dated November 26, 2012. 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 Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Carlstadt Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Carlstadt 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 Carlstadt Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Carlstadt 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 Carlstadt 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 previously. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carlstadt 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2012-1.

We also noted certain matters that we have reported to management of the Carlstadt Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 26, 2012.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, 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

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

Donna L. Japhet

Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
November 26, 2012

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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

Independent Auditor's Report

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

Compliance

We have audited the Carlstadt 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 Carlstadt Board of Education's major state programs for the fiscal year ended June 30, 2012. Carlstadt Board of Education's major 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 state programs is the responsibility of the Carlstadt Board of Education's management. Our responsibility is to express an opinion on Carlstadt 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 Office of School 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 state program occurred. An audit includes examining, on a test basis, evidence about Carlstadt 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 Carlstadt Board of Education's compliance with those requirements.

In our opinion, Carlstadt 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 state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

Management of Carlstadt 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 Carlstadt Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major 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 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.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, 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

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

Donna L. Japhet

Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
November 26, 2012

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/ Program Title	Grant Period	Award Amount	Balance, June 30, 2011			Balance, June 30, 2012			Memo GAAP Reservable
				Due to Grantor	Carryover Amount	Adjust Receivable	Cash Received	Budgetary Expenditures	Deferred Revenue	
	General Fund									
	Education Jobs Fund	7/1/11-9/30/12	\$ 15,164	-	-	-	\$ 13,142	\$ 15,164	-	\$ (2,022)
	Total General Fund						\$ 13,142	\$ 15,164	-	\$ (2,022)
	U.S. Department of Agriculture									
	Passed-through State Department of Education									
	Enterprise Fund									
	National School Lunch Program	9/1/11-6/30/12	12,150				12,150	12,150		(4,945)
	Non-Cash Assistance (Food Distribution)	9/1/11-6/30/12	78,003				73,058	78,003		
	Cash Assistance	9/1/10-6/30/11	67,535	\$ (4,845)			4,845			
	Cash Assistance	9/1/11-6/30/12	6,821				6,126	6,821		(695)
	Cash Assistance	9/1/10-6/30/11	1,118	(149)			149			
	Total U.S. Department of Agriculture						\$ 96,328	\$ 96,974		\$ (5,640)
	U.S. Department of Education									
	Passed-through State Department of Education									
	Special Revenue Fund									
	NCLB Title I	9/1/11-8/31/12	70,025				48,663	75,068	\$ 600	(26,405)
	NCLB Title I	9/1/10-8/31/11	74,329	\$ 8,346	\$ (5,643)	\$ (5,643)	27,279	2,704		
	NCLB Title I	9/1/09-8/31/10	54,402	271				271		
	ARRA - NCLB Title I	9/1/09-8/31/11	15,824	(200)						
	NCLB Title II - A	9/1/11-8/31/12	16,653				8,197	8,197	8,456	(8,456)
	NCLB Title II - A	9/1/10-8/31/11	17,886	3,994	(15,998)		15,998	3,994		
	NCLB Title II - D	9/1/10-8/31/11	161	161	(161)		161	161		
	NCLB Title III	9/1/11-8/31/12	4,292				4,292	4,270	22	
	NCLB Title III	9/1/10-8/31/11	3,294	5	(3,294)		3,294		5	
	NCLB Title III	9/1/10-8/31/10	3,245	10					10	
	NCLB Title IV	9/1/09-8/31/10	1,419	1,032	(422)				237	
	IDEA Part B	9/1/11-8/31/12	142,315				422	795		
	IDEA Part B	9/1/10-8/31/11	136,841		(33,198)		142,315	142,315		
	ARRA IDEA Part B	9/1/09-8/31/11	126,313	8,184	(5,553)		33,198	8,184		
	IDEA Preschool	9/1/11-8/31/12	6,656				6,656	6,656		
	Total U.S. Department of Education			22,003	(91,747)		296,228	252,615	9,330	(26,405)
	Total Federal Awards			\$ 22,003	\$ (96,741)	\$ -	\$ 405,698	\$ 364,753	\$ 9,330	\$ (43,123)

Note: The District is not subject to a Federal Single Audit.

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

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Deferred Revenue	MEMO		
										Balance, June 30, 2012	(Accounts Receivable)	Due to Grantor
State Department of Education												
General Fund												
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 178,028			\$ 176,766	\$ 178,028		\$ (1,262)			\$ 178,028
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	72,056				72,056		(72,056)			72,056
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	50,550	\$ (50,550)		50,550						
On-Behalf TPAF Pension System Contributions NCGI	12-495-034-5095-007	7/1/11-6/30/12	14,092			14,092	14,092					14,092
On-Behalf TPAF Pension System Normal Costs and Accrued Liability	12-495-034-5095-006	7/1/11-6/30/12	131,318			131,318	131,318					131,318
On-Behalf TPAF Pension System Contributions (Post Retirement Medical)	12-495-034-5095-001	7/1/11-6/30/12	292,315			292,315	292,315					292,315
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	319,866			303,335	319,866		(16,531)		\$ (16,531)	319,866
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	298,275	(15,403)		15,403						
Total General Fund				(65,953)		983,779	1,007,675		(89,849)		(16,531)	1,007,675
State Department of Agriculture												
Enterprise Fund												
National School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	2,873	(228)		228						
National School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	3,115			2,921	3,115		(194)		(194)	3,115
Total Enterprise Fund				(228)		3,149	3,115		(194)		(194)	3,115
Total State Financial Assistance				(66,181)		986,928	1,010,790		(90,043)		(16,725)	1,010,790
State Financial Assistance Not Subject to Single Audit Determination												
General Fund												
On-Behalf TPAF Pension System Contributions-NCGI	12-495-034-5095-007	7/1/11-6/30/12	14,092			(14,092)	(14,092)					(14,092)
On-Behalf TPAF Normal and Accrued Liability	12-495-034-5095-006	7/1/11-6/30/12	131,318			(131,318)	(131,318)					(131,318)
On-Behalf TPAF Post-Retirement Medical Contributions	12-495-034-5095-001	7/1/11-6/30/12	292,315			(292,315)	(292,315)					(292,315)
Total State Financial Assistance Subject to Single Audit				(66,181)		549,203	573,065		(90,043)		(16,725)	573,065

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Carlstadt 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. The information in these schedules is presented in accordance with requirements of U.S. 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". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 a decrease of \$22,768 for the general fund and an increase \$1,503 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	\$ 15,164	\$ 984,907	\$ 1,000,071
Special Revenue Fund	254,118		254,118
Food Service Fund	<u>96,974</u>	<u>3,115</u>	<u>100,089</u>
Total Financial Assistance	<u>\$ 366,256</u>	<u>\$ 988,022</u>	<u>\$ 1,354,278</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 \$319,866 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$145,410 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$292,315 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

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.

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards Section

Not Applicable

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with government Auditing Standards.

Finding 2012-1:

During our tests of transactions, it was noted that the District misclassified equipment purchased in the General Fund as Regular Instruction – General Supplies. In addition, the entire salary of the Supervisor of Special Services is being charged to Child Study Teams despite certain aspects of the job functions of this position are considered School Administration.

Criteria or specific requirement:

The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition and NJAC 6A:23.2.2(f).

Condition:

Line item account determinations were not being carefully reviewed and/or monitored, which resulted in certain misclassifications.

Context:

\$60,316 of equipment purchases were miscoded as Regular Instruction – General Supplies in the General Fund. Entire salary (\$100,000) of Supervisor of Special Services was charged to a support service function when according to The Uniform Minimum Chart of Accounts for New Jersey Public Schools, the salaries of supervisors/directors should be charged to School Administration, unless it can be clearly demonstrated that a portion of the individual's job responsibilities relate to a specific functional area.

Effect:

None – Financial statements have been adjusted for audit presentation for the equipment. However, the portion of the salary of the Supervisor of Special Services that is School Administration is not reflected as such.

Cause:

Unknown.

Recommendation:

The District should reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with New Jersey Administrative Code.

Management's Response:

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

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Not Applicable

CURRENT YEAR STATE AWARDS

There are none.

**CARLSTADT BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 2011-1

Condition

Line item account determinations were not being carefully reviewed and/or monitored, which resulted in certain misclassifications.

Current Status

See Finding 2012-1.

Finding 2011-2

Condition

Bank reconciliation contained several invalid reconciling items. A certain 2011/2012 expense actually remitted in July 2011 was recorded as a June 2011 disbursement.

Current Status

Corrective action has been taken.