

CARLSTADT BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Carlstadt, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Carlstadt Board of Education

Carlstadt, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

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INTRODUCTORY SECTION

CARLSTADT PUBLIC SCHOOL

Stephen Kollinok
Superintendent

550 Washington Street
Carlstadt, New Jersey 07072

Phone: 201-672-3000
Fax: 201-672-9845
www.carlstadt.org

Bert Arifaj
**Business Administrator/
Board Secretary**

November 9, 2016

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, 2016, 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. Uniform Guidance and the State Treasury Circular Letter 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information related to this single audit, including the 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 2015-2016 fiscal year with an average daily enrollment of 559 students, which is 15 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>
2015-16	559	(2.61)%
2014-15	574	(3.04)%
2013-14	592	(1.16)%
2012-13	599	3.28%
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%

2) ECONOMIC CONDITION AND OUTLOOK: Developmentally the Carlstadt area in general has leveled off and industrial growth is rather minimal. A commercial initiative is possible in the neighboring community of East Rutherford. It is projected that this project may take anywhere from 1 to 3 years to complete. The project may 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 2015-2016 school year several major initiatives were undertaken. Further investigative projects were undertaken to help determine the source of the leakage in the new school and to assist counsel in the upcoming mediation process. Additional moneys were put into the maintenance reserve for the purpose of mitigating the water problems in the upcoming year. Additional security including perimeter strobes and internal panic buttons were installed to improve communication between the school, community and police department.

We continue to focus on the demands and training requirements of the new legislation for teacher evaluations. The common core has now become the driving force for curriculum. Carlstadt strives to operate with fiscal responsibility as dictated by both these initiatives.

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, 2016.

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 U.S. Uniform Guidance and state Treasury Circular Letter 15-08 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.

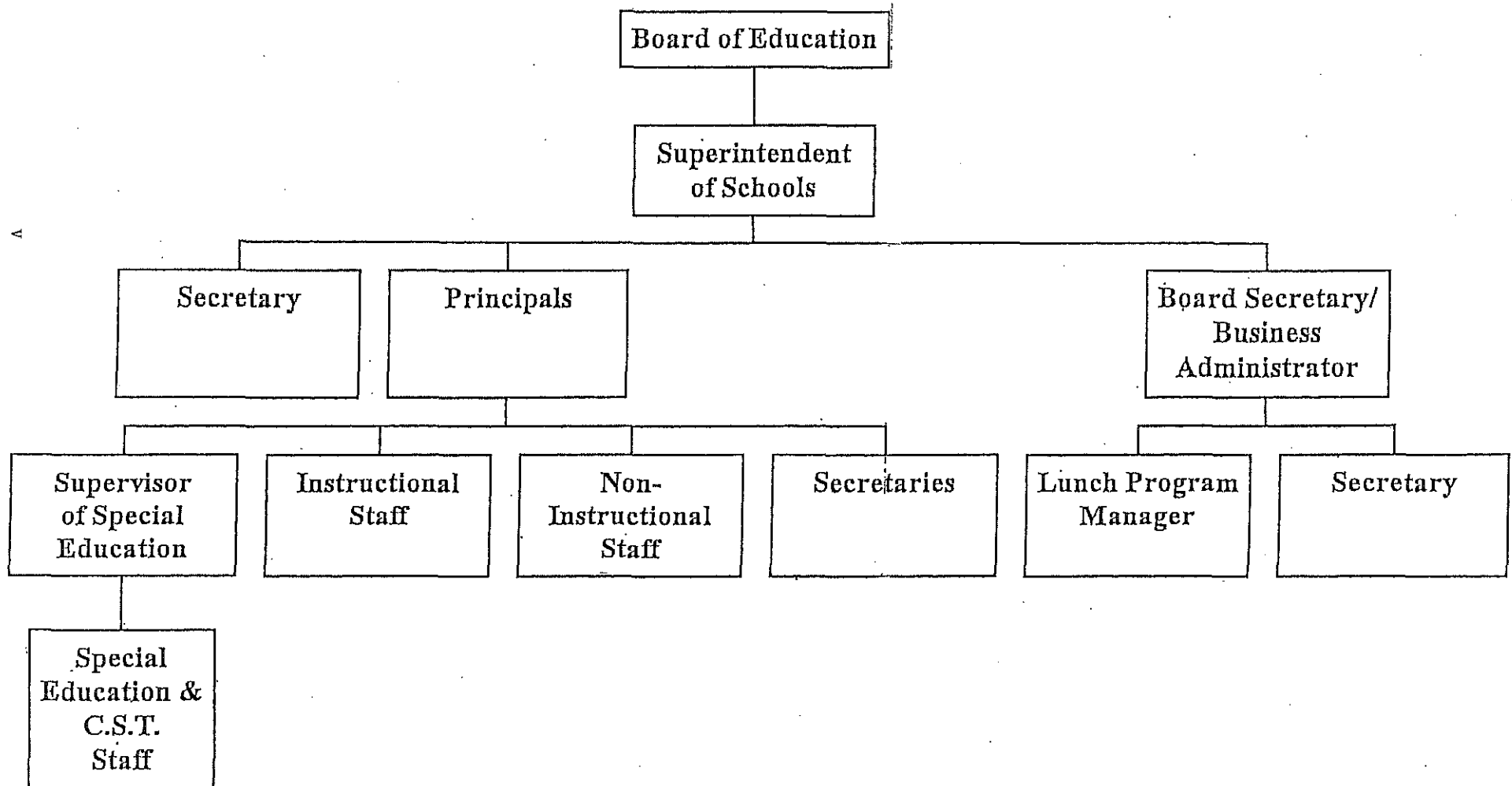
Respectfully submitted,



Bert Arifaj
Business Administrator/Board Secretary

CARLSTADT BOARD OF EDUCATION

Organizational Chart



CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Diane Lahullier, President	2018
Thomas J. Cox, Jr., Vice President	2017
Raffaele Acanfora	2017
Adrianna Allen	2016
Susan Hamilton	2017
Hernan Lopez	2018
Massimo Offreda	2016
Henry Riveros	2016
Bruce Young	2018
<u>Other Officials</u>	
Stephen Kollinok, Superintendent of Schools	
Bert Arifaj, Business Administrator/Board Secretary	
Anthony Sciarrillo, 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

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Insurance Counselor

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

Official Depository

Valley National Bank
207 Hackensack Street
Wood-Ridge, NJ 07470

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlstadt Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carlstadt Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt Board of Education's internal control over financial reporting and compliance.

Leach, 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 9, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

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, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2015-2016 fiscal year include the following:

- The assets and deferred outflows of resources of the Carlstadt Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,451,713 (net position).
- General revenues accounted for \$12,064,145 or 78 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,461,830 or 22 percent of total revenues of \$15,525,975.
- The School District had \$13,917,341 in expenses; only \$3,461,830 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,064,145 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$12,065,499 in revenues and other financing sources and \$10,681,890 in expenditures. The General Fund's fund balance increased by \$1,383,609 from \$2,281,093 at June 30, 2015 to \$3,664,702 at June 30, 2016.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending balance of \$3,672,832. The combined fund balance increased by \$1,382,732 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 Position 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, 2016

Reporting the School District as a Whole

Statement of Net Position 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 2016?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 position and changes in the position. 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 Position 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 Position 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, 2016

Enterprise Fund

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

The District as a Whole

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

The following provides a summary of the District's net position as of June 30, 2016 and 2015, respectively.

Statement of Net Position
as of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
	Current Assets	\$ 3,782,740	\$ 2,371,884	\$ 90,501	\$ 92,945	\$ 3,873,241
Capital Assets, net of accumulated depreciation	<u>23,524,667</u>	<u>24,163,521</u>	<u>29,243</u>	<u>34,903</u>	<u>23,553,910</u>	<u>24,198,422</u>
Total Assets	<u>27,307,407</u>	<u>26,535,405</u>	<u>119,744</u>	<u>127,848</u>	<u>27,427,151</u>	<u>26,663,251</u>
Deferred Outflows of Resources	<u>1,050,556</u>	<u>812,192</u>	<u>-</u>	<u>-</u>	<u>1,050,556</u>	<u>812,192</u>
Long-Term liabilities	20,744,354	21,265,717			20,744,354	21,265,717
Other Liabilities	<u>227,481</u>	<u>203,407</u>	<u>-</u>	<u>5,374</u>	<u>227,481</u>	<u>208,781</u>
Total Liabilities	<u>20,971,835</u>	<u>21,469,124</u>	<u>-</u>	<u>5,374</u>	<u>20,971,835</u>	<u>21,474,498</u>
Deferred Inflows of Resources	<u>53,628</u>	<u>156,777</u>	<u>531</u>	<u>1,091</u>	<u>54,159</u>	<u>157,868</u>
Net Investment in Capital Assets	6,549,520	6,254,163	29,243	34,903	6,578,763	6,289,066
Restricted	2,670,611	1,316,867			2,670,611	1,316,867
Unrestricted	<u>(1,887,631)</u>	<u>(1,849,334)</u>	<u>89,970</u>	<u>86,480</u>	<u>(1,797,661)</u>	<u>(1,762,857)</u>
Total Net Position	<u>\$ 7,332,500</u>	<u>\$ 5,721,696</u>	<u>\$ 119,213</u>	<u>\$ 121,383</u>	<u>\$ 7,451,713</u>	<u>\$ 5,843,079</u>

The District's combined net position as of June 30, 2016 and 2015 were \$7,451,713 and \$5,843,079 respectively.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

The following shows changes in net position for fiscal years ended June 30, 2016 and 2015.

**Change in Net Position
For The Fiscal Years Ended June 30, 2016 and 2015**

	Governmental		Business-		Total	
	Activities		Type			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	\$ 106,657	\$ 80,050	\$ 183,292	\$ 176,503	\$ 289,949	\$ 256,553
Operating Grants and Contributions	3,046,369	2,609,790	125,512	115,453	3,171,881	2,725,243
General Revenues						
Property Taxes	11,610,132	11,409,833			11,610,132	11,409,833
Other	453,842	44,423	171	149	454,013	44,572
Total Revenues	<u>15,217,000</u>	<u>14,144,096</u>	<u>308,975</u>	<u>292,105</u>	<u>15,525,975</u>	<u>14,436,201</u>
Expenses						
Instruction						
Regular	6,472,470	6,301,616			6,472,470	6,301,616
Special Education	1,571,026	1,423,547			1,571,026	1,423,547
Other Instruction	318,631	313,678			318,631	313,678
School Sponsored Activities and Athletics	49,051	39,603			49,051	39,603
Support Services						
Student and Instruction Related Services	1,361,539	1,358,375			1,361,539	1,358,375
School Administrative Services	384,786	363,485			384,786	363,485
General Administrative Services	472,367	788,610			472,367	788,610
Plant Operations and Maintenance	1,808,890	1,526,763			1,808,890	1,526,763
Pupil Transportation	163,966	201,727			163,966	201,727
Business Svcs/Central Services/Admin. Info Tech.	401,993	406,950			401,993	406,950
Interest on Long-Term Debt	601,477	449,932			601,477	449,932
Food Services	-	-	311,145	291,652	311,145	291,652
Total Expenses	<u>13,606,196</u>	<u>13,174,286</u>	<u>311,145</u>	<u>291,652</u>	<u>13,917,341</u>	<u>13,465,938</u>
Change in Net Position	1,610,804	969,810	(2,170)	453	1,608,634	970,263
Net Position, Beginning of Year	<u>5,721,696</u>	<u>4,751,886</u>	<u>121,383</u>	<u>120,930</u>	<u>5,843,079</u>	<u>4,872,816</u>
Net Position, End of Year	<u>\$ 7,332,500</u>	<u>\$ 5,721,696</u>	<u>\$ 119,213</u>	<u>\$ 121,383</u>	<u>\$ 7,451,713</u>	<u>\$ 5,843,079</u>

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

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 76 percent of revenues for governmental activities for the Carlstadt School District in fiscal year 2016. The District's governmental activities total revenues were \$15,217,000 for the year ended June 30, 2016, an increase of \$1,072,904 from the previous year. Federal, state, and local grants/aid accounted for 20 percent of revenue. The balance of revenues is charges for services (tuition and rental fees) and miscellaneous income which includes investment earnings and a legal settlement.

The total cost of all governmental activities programs and services was \$13,606,196. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$8,411,178 (62%) of total expenses. Student and other support services, exclusive of administration and interest on long-term debt, total \$3,334,395 or (25%) of total expenses. Total administrative expenses of \$1,259,146 accounted for 9% of total expenses. The balance of expenses (\$601,477) relate to interest and other charges on long-term debt. The District's total governmental activities expenses increased \$431,910 over the amount of 2014/2015 expenses largely due to the increase in on-behalf TPAF 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 expenses exceeded revenues by \$2,170.
- Charges for services represent 59 percent of revenue. This represents amounts paid for daily lunch service.
- State and Federal reimbursement for school breakfast and lunch was \$125,512 or 41 percent of total revenues.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

Total and Net Cost of Governmental Activities

The District's total cost of services was \$13,606,196 for the fiscal year ended June 30, 2016. After applying program revenues derived from charges for services of \$106,657 and operating grants and contributions of \$3,046,369 the net cost of services of the District is \$10,453,170.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 6,472,470	\$ 6,301,616	\$ 4,359,247	\$ 4,499,536
Special Education	1,571,026	1,423,547	820,714	782,124
Other Instruction	318,631	313,678	222,251	235,805
School Sponsored Activities and Athletics	49,051	39,603	34,782	29,940
Support Services				
Student and Instruction Related Services	1,361,539	1,358,375	1,346,767	1,342,556
School Administrative Services	384,786	363,485	299,097	294,039
General Administrative Services	472,367	788,610	472,367	788,610
Plant Operations and Maintenance	1,808,890	1,526,763	1,741,435	1,462,831
Pupil Transportation	163,966	201,727	153,040	192,123
Business Services/Central Svcs./Admin. Info.	401,993	406,950	401,993	406,950
Interest on Long-Term Debt	601,477	449,932	601,477	449,932
Total	<u>\$ 13,606,196</u>	<u>\$ 13,174,286</u>	<u>\$ 10,453,170</u>	<u>\$ 10,484,446</u>

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, 2016

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 \$3,672,832. For the fiscal year ended June 30, 2015, the fund balance was \$2,290,100.

Revenues for the District's governmental funds were \$13,870,530 while total expenses were \$12,487,798.

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, 2016 and 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Tax Levy	\$ 10,071,271	\$ 9,737,812	\$ 333,459	3%
Interest	7,605	6,006	1,599	27%
State/Federal Sources	1,439,934	1,250,945	188,989	15%
Miscellaneous	<u>546,681</u>	<u>113,018</u>	<u>433,663</u>	384%
 Total General Fund Revenues	 <u>\$ 12,065,491</u>	 <u>\$ 11,107,781</u>	 <u>\$ 957,710</u>	 9%

Total General Fund Revenues increased by \$957,710 or 9% over the previous year.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

General Fund (Continued)

Local property taxes increased by 3% over the previous year.

State/federal revenues increased \$188,989 or 15% from the previous year largely attributable to 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.

Interest earning increased by \$1,599 due to higher available bank balances.

Miscellaneous revenues increased \$433,663 due to a settlement received during the fiscal year ended June 30, 2016 in the amount of \$410,000 from litigation in connection with the building of the new school.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended June 30, 2016 and 2015.

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 6,766,868	\$ 6,626,066	\$ 140,802	2%
Support Services	3,896,983	3,860,264	36,719	1%
Capital Outlay	<u>18,039</u>	<u>47,224</u>	<u>(29,185)</u>	-62%
Total Expenditures	<u>\$ 10,681,890</u>	<u>\$ 10,533,554</u>	<u>\$ 148,336</u>	1%

Total General Fund expenditures increased \$148,336 or 1% over the previous year. The increase was attributable to increases in instructional costs.

In 2015-2016 General Fund revenues and other financing sources exceeded expenses by \$1,383,609. As a result, total fund balance increased to \$3,664,702 at June 30, 2016. After deducting restrictions and assignments, the unassigned fund balance increased slightly from \$226,577 at June 30, 2015 to \$236,057 at June 30, 2016.

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

Revenues of the Special Revenue Fund were \$266,170, for the year ended June 30, 2016. Federal sources accounted for more than 99% of the Special Revenue Fund's revenue. The balance (\$973) of the revenues come from local donations.

Total Special Revenue Fund revenues decreased \$12,468 or 4% from the previous year. Federal sources decreased \$12,441 while local sources decreased \$27.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

Special Revenue Fund (Continued)

Expenditures of the Special Revenue Fund were \$266,170. Instructional expenditures were \$251,398 (94%) of total expended for the year ended June 30, 2016. The balance of the expenditures (\$14,772) were student and instruction related services.

Capital Projects - The capital projects expenditures and other financing uses were equal to revenues resulting in a fund balance of \$0 at June 30, 2016.

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 expenses exceeded the revenues by \$2,170 resulting in net position of \$119,213 at June 30, 2016 a decrease from the balance of \$121,383 at June 30, 2015.

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 appropriating additional surplus, implementing budgets for specially funded projects, which include both federal and State grants, and reinstating prior year purchase orders being carried over.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2016 for its governmental activities amounts to \$23,524,667 (net of accumulated depreciation) and \$29,243 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 2015-2016 amounted to \$656,893 for governmental activities and \$5,660 for business-type activities.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

CAPITAL ASSETS (Continued)

**Capital Assets as of June 30, 2016 and 2015
(Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 188,036	\$ 188,036		
Improvements Other Than Building	204,773	223,331		
Building and Building Improvements	22,842,700	23,411,149		
Machinery and Equipment	<u>289,158</u>	<u>341,005</u>	\$ 29,243	\$ 34,903
Total Capital Assets, Net	<u>\$ 23,524,667</u>	<u>\$ 24,163,521</u>	<u>\$ 29,243</u>	<u>\$ 34,903</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 \$80,612. bonds payable (including unamortized premium) of \$17,625,685 and net pension liability of \$3,038,057.

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 2015/2016 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 2016-2017. Budgeted expenditures in the General Fund increased 2 percent to \$10,956,257 in fiscal year 2016-2017.

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.

FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,727,291	\$ 67,885	\$ 3,795,176
Receivables, net	55,449	19,956	75,405
Inventory		2,660	2,660
Capital Assets, Not Being Depreciated	188,036		188,036
Capital Assets, Being Depreciated, Net	<u>23,336,631</u>	<u>29,243</u>	<u>23,365,874</u>
Total Assets	<u>27,307,407</u>	<u>119,744</u>	<u>27,427,151</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	650,538		650,538
Deferred Amounts on Net Pension Liability	<u>400,018</u>	<u>-</u>	<u>400,018</u>
Total Deferred Outflows of Resources	<u>1,050,556</u>	<u>-</u>	<u>1,050,556</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	87,010		87,010
Accrued Interest Payable	117,573		117,573
Unearned Revenue	22,898		22,898
Noncurrent Liabilities			
Due Within One Year	835,000		835,000
Due Beyond One Year	<u>19,909,354</u>	<u>-</u>	<u>19,909,354</u>
Total Liabilities	<u>20,971,835</u>	<u>-</u>	<u>20,971,835</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenues		531	531
Deferred Amounts on Net Pension Liability	<u>53,628</u>	<u>-</u>	<u>53,628</u>
Total Deferred Inflows of Resources	<u>53,628</u>	<u>531</u>	<u>54,159</u>
NET POSITION			
Net Investment in Capital Assets	6,549,520	29,243	6,578,763
Restricted for			
Debt Service	8,130		8,130
Capital Projects	2,027,006		2,027,006
Other Purpose - Maintenance	635,475		635,475
Unrestricted	<u>(1,887,631)</u>	<u>89,970</u>	<u>(1,797,661)</u>
Total Net Position	<u>\$ 7,332,500</u>	<u>\$ 119,213</u>	<u>\$ 7,451,713</u>

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

**CARLSTADT BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,472,470	\$ 61,537	\$ 2,051,686		\$ (4,359,247)		\$ (4,359,247)
Special Education	1,571,026		750,312		(820,714)		(820,714)
Other Instruction	318,631		96,380		(222,251)		(222,251)
School Sponsored Activities and Athletics	49,051		14,269		(34,782)		(34,782)
Support Services							
Student and Instruction Related Services	1,361,539		14,772		(1,346,767)		(1,346,767)
General Administrative Services	472,367				(472,367)		(472,367)
School Administrative Services	384,786		85,689		(299,097)		(299,097)
Plant Operations and Maintenance	1,808,890	45,120	22,335		(1,741,435)		(1,741,435)
Pupil Transportation	163,966		10,926		(153,040)		(153,040)
Business Services/Central Svces/Admin. Info.	401,993				(401,993)		(401,993)
Interest on Long Term Debt	601,477	-	-	-	(601,477)	-	(601,477)
Total Governmental Activities	13,606,196	106,657	3,046,369	-	(10,453,170)	-	(10,453,170)
Business-Type Activities							
Food Service	311,145	183,292	125,512	-	-	\$ (2,341)	(2,341)
Total Business-Type Activities	311,145	183,292	125,512	-	-	(2,341)	(2,341)
Total Primary Government	\$ 13,917,341	\$ 289,949	\$ 3,171,881	\$ -	(10,453,170)	(2,341)	(10,455,511)
General Revenues							
Taxes:							
Property Taxes, levied for general purposes, net					10,071,271		10,071,271
Property Taxes, levied for debt service purposes, net					1,538,861		1,538,861
Unrestricted State Aid					6,205		6,205
Investment Earnings					7,613	171	7,784
Miscellaneous Income					440,024	-	440,024
Total General Revenues					12,063,974	171	12,064,145
Change in Net Position					1,610,804	(2,170)	1,608,634
Net Position, Beginning of Year					5,721,696	121,383	5,843,079
Net Position, End of Year					\$ 7,332,500	\$ 119,213	\$ 7,451,713

FUND FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<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	\$ 3,718,108	\$ 1,053		\$ 8,130	\$ 3,727,291
Due from Other Funds	301			-	301
Receivables from Other Governments	<u>16,900</u>	<u>38,248</u>	<u>-</u>	<u>-</u>	<u>55,148</u>
Total Assets	<u>\$ 3,735,309</u>	<u>\$ 39,301</u>	<u>\$ -</u>	<u>\$ 8,130</u>	<u>\$ 3,782,740</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 70,607	\$ 16,403			\$ 87,010
Unearned Revenue	<u>-</u>	<u>22,898</u>	<u>-</u>	<u>-</u>	<u>22,898</u>
Total Liabilities	<u>70,607</u>	<u>39,301</u>	<u>-</u>	<u>-</u>	<u>109,908</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures (2016/17 Budget)	344,865				344,865
Excess Surplus	344,865				344,865
Capital Reserve	2,027,006				2,027,006
Maintenance Reserve	635,475				635,475
Debt Service				\$ 8,130	8,130
Committed Fund Balance					
Year End Encumbrances	14,721				14,721
Assigned Fund Balance					
Year End Encumbrances	61,713				61,713
Unassigned Fund Balance	<u>236,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,057</u>
Total Fund Balances	<u>3,664,702</u>	<u>-</u>	<u>-</u>	<u>8,130</u>	<u>3,672,832</u>
Total Liabilities and Fund Balances	<u>\$ 3,735,309</u>	<u>\$ 39,301</u>	<u>\$ -</u>	<u>\$ 8,130</u>	<u>\$ 3,782,740</u>

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balances (Exhibit B-1)		\$ 3,672,832
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$29,655,776 and the accumulated depreciation is \$6,131,109.		23,524,667
The district has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:		(117,573)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.		650,538
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$ 400,018	
Deferred Inflows of Resources	<u>(53,628)</u>	
		346,390
Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2)		<u>(20,744,354)</u>
Net Position of Governmental Activities (Exhibit A-1)		<u>\$ 7,332,500</u>

CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<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	\$ 10,071,271			\$ 1,538,861	\$ 11,610,132
Tuition - Pre-School	61,537				61,537
Rentals	45,120				45,120
Interest	7,605		\$ 8		7,613
Miscellaneous	440,024	\$ 973	-	-	440,997
Total - Local Sources	<u>10,625,557</u>	<u>973</u>	<u>8</u>	<u>1,538,861</u>	<u>12,165,399</u>
State Sources	1,439,934				1,439,934
Federal Sources	-	265,197	-	-	265,197
Total Revenues	<u>12,065,491</u>	<u>266,170</u>	<u>8</u>	<u>1,538,861</u>	<u>13,870,530</u>
EXPENDITURES					
Current					
Regular Instruction	5,196,573	88,784			5,285,357
Special Education Instruction	1,267,176	156,350			1,423,526
Other Instruction	262,037	6,264			268,301
School-Sponsored Activities and Athletics	41,082				41,082
Support Services					
Student and Instruction Related Services	1,309,083	14,772			1,323,855
General Administrative Services	461,718				461,718
School Administrative Services	332,955				332,955
Plant Operations and Maintenance	1,240,196				1,240,196
Pupil Transportation	163,126				163,126
Business Services/Central Svcs/ Admin. Info. Tech.	389,905				389,905
Debt Service					
Principal				810,000	810,000
Interest				729,738	729,738
Capital Outlay	18,039	-	-	-	18,039
Total Expenditures	<u>10,681,890</u>	<u>266,170</u>	<u>-</u>	<u>1,539,738</u>	<u>12,487,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,383,601</u>	<u>-</u>	<u>8</u>	<u>(877)</u>	<u>1,382,732</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	8				8
Transfers Out	-	-	(8)	-	(8)
Total Other Financing Sources and Uses	<u>8</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>1,383,609</u>	<u>-</u>	<u>-</u>	<u>(877)</u>	<u>1,382,732</u>
Fund Balance, Beginning of Year	2,281,093	-	-	9,007	2,290,100
Fund Balance, End of Year	<u>\$ 3,664,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,130</u>	<u>\$ 3,672,832</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, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 1,382,732

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	\$ 18,039	
Depreciation Expense	<u>(656,893)</u>	(638,854)

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

Net Decrease in Compensated Absences	10,804	
Net Increase in Pension Expense	<u>(82,139)</u>	(71,335)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Bond Principal		810,000
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Governmental funds report the effect of premiums and there such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	206,233	
Amortization of Deferred Amounts on Refunding	<u>(82,022)</u>	124,211

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>4,050</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,610,804

**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 67,885
Intergovernmental Receivable	
State	560
Federal	18,997
Other Accounts Receivable	399
Inventory	<u>2,660</u>
Total Current Assets	<u>90,501</u>
Capital Assets	
Machinery and Equipment	84,900
Less: Accumulated Depreciation	<u>(55,657)</u>
Total Capital Assets, Net	<u>29,243</u>
Total Assets	<u>119,744</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	<u>531</u>
Total Deferred Inflows of Resources	<u>531</u>
NET POSITION	
Investment in Capital Assets	29,243
Unrestricted	<u>89,970</u>
Total Net Position	<u>\$ 119,213</u>

**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Reimbursable Programs- School Lunch Program	\$ 119,620
Non-Reimbursable Programs	57,582
Other Sales - Milk	<u>6,090</u>
Total Operating Revenues	<u>183,292</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	99,339
Cost of Sales - Non-Reimbursable Programs	35,159
Salaries	85,349
Salary - Food Service Manager	18,690
Employee Benefits/Payroll Taxes	12,400
Insurance	8,159
Supplies	8,895
Management Fees	32,371
Depreciation	5,660
Miscellaneous	<u>5,123</u>
Total Operating Expenses	<u>311,145</u>
Operating Loss	<u>(127,853)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	2,882
Federal Sources	
National School Lunch Program	90,170
Food Distribution Program	24,687
National School Breakfast Program	7,773
Interest Earned	<u>171</u>
Total Nonoperating Revenues	<u>125,683</u>
Change in Net Position	(2,170)
Net Position, Beginning of Year	<u>121,383</u>
Net Position, End of Year	<u>\$ 119,213</u>

The accompanying Notes to the 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, 2016**

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 183,478
Cash Payment for Salaries and Benefits	(116,439)
Cash Payments to Suppliers for Goods and Services	<u>(169,032)</u>
Net Cash Used by Operating Activities	<u>(101,993)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>101,930</u>
Net Cash Provided by Noncapital Financing Activities	<u>101,930</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>171</u>
Net Cash Provided by Investing Activities	<u>171</u>
Net Increase in Cash and Cash Equivalents	108
Cash and Cash Equivalents, Beginning of Year	<u>67,777</u>
Cash and Cash Equivalents, End of Year	<u>\$ 67,885</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ <u>(127,853)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	5,660
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	24,687
Change in Assets, Liabilities and Deferred Inflows of Resources (Increase)/Decrease in Other Accounts Receivable	186
(Increase)/Decrease in Inventory	1,261
Increase/(Decrease) in Accounts Payable	(5,374)
Increase/(Decrease) in Deferred Commodities Revenue	<u>(560)</u>
Total Adjustments	<u>25,860</u>
Net Cash Used by Operating Activities	<u>\$ (101,993)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 24,127

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

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 15	\$ 14,711	\$ 55,671
Total Assets	<u>15</u>	<u>14,711</u>	<u>\$ 55,671</u>
LIABILITIES			
Accounts Payable			
Due to Other Fund			\$ 301
Payroll Deductions and Withholdings			4,260
Due to Student Groups	<u>-</u>	<u>-</u>	<u>51,110</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 55,671</u>
NET POSITION			
Held in Trust for Unemployment Claims	\$ 15		
Held in Trust for Private Purpose Scholarships	<u>-</u>	<u>\$ 14,711</u>	
Total Net Position	<u>\$ 15</u>	<u>\$ 14,711</u>	

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 15,041	
District	20,931	
Interest	<u>5</u>	\$ <u>63</u>
 Total Additions	 <u>35,977</u>	 <u>63</u>
DEDUCTIONS		
Unemployment Contributions	<u>35,979</u>	<u>-</u>
 Total Deductions	 <u>35,979</u>	 <u>-</u>
 Change in Net Position	 (2)	 63
 Net Position, Beginning of Year	 <u>17</u>	 <u>14,648</u>
 Net Position, End of Year	 <u>\$ 15</u>	 <u>\$ 14,711</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, federal and state grants for school-based budgeting and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

The District reports the following major governmental funds:

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

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

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund type:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$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	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

In additions to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. 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. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported including the unamortized bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are not subject to adjustment.

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 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 position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$20,744,354 difference are as follows:

Bonds Payable	\$ 15,990,000	
Issuance Premium (to be amortized over life of debt)	<u>1,635,685</u>	\$ 17,625,685
Compensated Absences		80,612
Net Pension Liability		<u>3,038,057</u>
Net Adjustment to Decrease Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities		<u>\$ 20,744,354</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On 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; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original general fund budget by \$368,370. The increase was funded by additional surplus appropriated and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$192,041 for a withdrawal from maintenance reserve and \$114,067 to appropriate prior year extraordinary aid from the general fund were made on March 22, 2016 and June 23, 2016, respectively. During 2015/2016 the Board also increased the original special revenue fund budget by \$106,631 which was funded by additional grant awards.

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 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 672,385
Increased by:	
Interest Earnings	\$ 20
Deposits Approved by Board Resolution	<u>1,354,601</u>
Total Increases	<u>1,354,621</u>
Balance, June 30, 2016	<u>\$ 2,027,006</u>

C. Maintenance Reserve

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

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 635,475
Increased by:	
Deposits Approved by Board Resolution	<u>192,041</u>
	827,516
Decreased by:	
Withdrawals Approved by Board Resolution	<u>192,041</u>
Balance, June 30, 2016	<u>\$ 635,475</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$635,475. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$689,730. Of this amount, \$344,865 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$344,865 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$3,865,573 and bank and brokerage firm balances of the Board's deposits amounted to \$4,365,231. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>4,365,231</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, 2016, 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.

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 38,248	\$ 18,997	\$ 57,245
State	\$ 16,900	-	560	17,460
Accounts	-	-	399	399
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Receivables	<u>\$ 16,900</u>	<u>\$ 38,248</u>	<u>\$ 19,956</u>	<u>\$ 75,104</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 22,898
Total Unearned Revenue for Governmental Funds	<u>\$ 22,898</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 188,036	-	-	\$ 188,036
Total Capital Assets, Not Being Depreciated	<u>188,036</u>	<u>-</u>	<u>-</u>	<u>188,036</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	28,098,069			28,098,069
Land Improvements	371,159			371,159
Machinery and Equipment	980,473	\$ 18,039	-	998,512
Total Capital Assets Being Depreciated	<u>29,449,701</u>	<u>18,039</u>	<u>-</u>	<u>29,467,740</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(4,686,920)	(568,449)		(5,255,369)
Land Improvements	(147,828)	(18,558)		(166,386)
Machinery and Equipment	(639,468)	(69,886)	-	(709,354)
Total Accumulated Depreciation	<u>(5,474,216)</u>	<u>(656,893)</u>	<u>-</u>	<u>(6,131,109)</u>
Total Capital Assets, Being Depreciated, Net	<u>23,975,485</u>	<u>(638,854)</u>	<u>-</u>	<u>23,336,631</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,163,521</u>	<u>\$ (638,854)</u>	<u>\$ -</u>	<u>\$ 23,524,667</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
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	<u>(49,997)</u>	\$ (5,660)	-	<u>(55,657)</u>
Total Accumulated Depreciation	<u>(49,997)</u>	<u>(5,660)</u>	<u>-</u>	<u>(55,657)</u>
Total Capital Assets, Being Depreciated, Net	<u>34,903</u>	<u>(5,660)</u>	<u>-</u>	<u>29,243</u>
Business-Type Activities Capital Assets, Net	<u>\$ 34,903</u>	<u>\$ (5,660)</u>	<u>\$ -</u>	<u>\$ 29,243</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 105,103
Total Instruction	<u>105,103</u>
Support Services	
Plant Operations and Maintenance	551,790
Total Support Services	<u>551,790</u>
Total Governmental Funds	<u>656,893</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 656,893</u>
Business-Type Activities:	
Food Service Fund	\$ 5,660
Total Depreciation Expense - Business-Type Activities	<u>\$ 5,660</u>

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	<u>\$ 301</u>

The above balances are the result of revenues earned in one fund which are due to another fund.

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	<u>\$ 8</u>	<u>\$ 8</u>
Total Transfers Out	<u>\$ 8</u>	<u>\$ 8</u>

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

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 are comprised of the following issue:

\$17,075,000, 2014 Bonds, due in annual installments of \$835,000 to \$1,490,000 through May 1, 2030, interest at 3.00% - 5.00%	<u>\$15,990,000</u>
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**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	Serial Bonds		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 835,000	\$ 705,438	\$ 1,540,438
2018	865,000	680,388	1,545,388
2019	900,000	645,788	1,545,788
2020	950,000	600,788	1,550,788
2021	995,000	553,288	1,548,288
2022-2026	5,790,000	1,966,438	7,756,438
2027-2030	<u>5,655,000</u>	<u>551,072</u>	<u>6,206,072</u>
Total	\$ 15,990,000	\$ 5,703,200	\$ 21,693,200

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 61,436,860
Less: Net Debt	<u>15,990,000</u>
Remaining Borrowing Power	\$ <u>45,446,860</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance,</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2015</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 16,800,000		\$ 810,000	\$ 15,990,000	\$ 835,000
Original Issue Premium	1,841,918	-	206,233	1,635,685	-
Total Bonds Payable	18,641,918	-	1,016,233	17,625,685	835,000
Compensated Absences	91,416		10,804	80,612	
Net Pension Liability	2,532,383	\$ 622,208	116,534	3,038,057	-
Governmental Activity Long-Term Liabilities	\$ 21,265,717	\$ 622,208	\$ 1,143,571	\$ 20,744,354	\$ 835,000

The liabilities for compensated absences and net pension liability 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, and various other types of coverage.

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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 insurance fund are on file with the School's Business Administrator.

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this plan the District remits quarterly contributions to the New Jersey Unemployment Compensation Fund under a consolidated rate established annually and shared by all governmental contributory employers. The following is a summary of District contributions, employee contributions, payments to the State for quarterly contributions and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 20,931	\$ 15,041	\$ 35,979	\$ 15
2015	20,043	14,790	34,833	17
2014	18,669	14,004	32,674	13

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, 2016, 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, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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. TPAF is a cost sharing plan with special funding situations.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, 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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% 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 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 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.

During the fiscal years ended June 30, 2016, 2015 and 2014 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 116,354	\$ 341,886	\$ 4,609
2015	111,504	236,523	4,399
2014	102,187	194,485	3,824

For fiscal years 2015/2016 and 2014/2015, the state contributed \$341,886 and \$236,523, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$194,485 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$315,424 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$3,038,057 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .01353 percent, which did not change from its proportionate share measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$198,493 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 72,477	
Changes of Assumptions	326,263	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 48,846
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,278</u>	<u>4,782</u>
Total	<u>\$ 400,018</u>	<u>\$ 53,628</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 62,897
2018	62,897
2019	62,897
2020	100,626
2021	<u>57,073</u>
	<u>\$ 346,390</u>

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,775,933</u>	<u>\$ 3,038,057</u>	<u>\$ 2,419,427</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,688,356 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$27,651,224. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .04375 percent, which was a decrease of .00222 percent from its proportionate share measured as of June 30, 2014 of .04597 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 32,862,446</u>	<u>\$ 27,651,224</u>	<u>\$ 23,161,444</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid 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 paid 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 state 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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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 fiscal years ended June 30, 2016, 2015 and 2014 were \$407,091, \$375,481 and \$318,881, 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.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 10,071,271		\$ 10,071,271	\$ 10,071,271	
Other Tuition (Preschool)	30,000		30,000	61,537	\$ 31,537
Interest				7,585	7,585
Interest on Capital Reserve Funds	20		20	20	-
Rentals	40,000		40,000	45,120	5,120
Miscellaneous	10,000	-	10,000	440,024	430,024
Total Local Sources	<u>10,151,291</u>	<u>-</u>	<u>10,151,291</u>	<u>10,625,557</u>	<u>474,266</u>
State Sources					
Transportation Aid	10,530		10,530	10,530	
Security Aid	21,525		21,525	21,525	
Categorical Special Education Aid	207,971		207,971	207,971	
Per Pupil Growth Aid	5,980		5,980	5,980	
PARCC Readiness Aid	5,980		5,980	5,980	
Extraordinary Aid				117,414	117,414
On-behalf TPAF Pension System Contributions-Normal Costs & Accrued Liabilities (Non-Budget)				325,664	325,664
On-behalf TPAF Pension System Contributions-NCGI (Non-Budget)				16,222	16,222
On-behalf TPAF Pension System Contributions-Post Retirement Medical Contributions (Non-Budget)				407,091	407,091
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	315,424	315,424
Total State Sources	<u>251,986</u>	<u>-</u>	<u>251,986</u>	<u>1,433,801</u>	<u>1,181,815</u>
Total Revenues	<u>10,403,277</u>	<u>-</u>	<u>10,403,277</u>	<u>12,059,358</u>	<u>1,656,081</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	76,655	\$ 45,300	121,955	121,954	1
Kindergarten	221,999	20,245	242,244	242,244	-
Grades 1-5	1,597,729	(1,017)	1,596,712	1,596,712	-
Grades 6-8	951,783	2,295	954,078	954,078	-
Regular Program - Home Instruction					
Salaries of Teachers	5,238	(4,893)	345	345	-
Purchased Professional-Educational Services	10,000	(6,154)	3,846	3,625	221
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	301,275	31,089	332,364	332,364	-
Purchased Professional-Educational Services	45,000	-	45,000	45,000	-
General Supplies	166,000	64,320	230,320	195,083	35,237
Textbooks	10,000	16,642	26,642	25,842	800
Total Regular Programs	<u>3,385,679</u>	<u>167,827</u>	<u>3,553,506</u>	<u>3,517,247</u>	<u>36,259</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Multiple Disabilities					
Salaries of Teachers	\$ 199,333	-	\$ 199,333	\$ 183,952	\$ 15,381
Other Salaries for Instruction	22,789	-	22,789	21,193	1,596
Total Multiple Disabilities	<u>222,122</u>	<u>-</u>	<u>222,122</u>	<u>205,145</u>	<u>16,977</u>
Resource Room/ Resource Center					
Salaries of Teachers	180,310	-	180,310	175,838	4,472
Total Resource Room	<u>180,310</u>	<u>-</u>	<u>180,310</u>	<u>175,838</u>	<u>4,472</u>
Autism					
Salaries of Teachers	57,366	-	57,366	57,366	-
Total Autism	<u>57,366</u>	<u>-</u>	<u>57,366</u>	<u>57,366</u>	<u>-</u>
Total Special Education	<u>459,798</u>	<u>-</u>	<u>459,798</u>	<u>438,349</u>	<u>21,449</u>
Basic Skills/Remedial					
Salaries of Teachers	100,282	-	100,282	96,336	3,946
Total Basic Skills/Remedial	<u>100,282</u>	<u>-</u>	<u>100,282</u>	<u>96,336</u>	<u>3,946</u>
Bilingual Education					
Salaries of Teachers	53,239	-	53,239	53,239	-
Total Bilingual Education	<u>53,239</u>	<u>-</u>	<u>53,239</u>	<u>53,239</u>	<u>-</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	17,500	\$ 6,182	23,682	23,682	-
Supplies and Materials	8,000	(3,302)	4,698	4,698	-
Total School Sponsored Co/Extra Curricular Activities	<u>25,500</u>	<u>2,880</u>	<u>28,380</u>	<u>28,380</u>	<u>-</u>
Total Instruction	<u>4,024,498</u>	<u>170,707</u>	<u>4,195,205</u>	<u>4,133,551</u>	<u>61,654</u>
Instruction					
Tuition to Other LEAs Within the State-Special	507,199	(79,194)	428,005	311,922	116,083
Tuition to CSSD & Regional Day Schools	-	79,194	79,194	79,194	-
Tuition to Priv. Sch. For the Disabled W/I State	347,841	(2,996)	344,845	210,651	134,194
Total Undistributed Expenditures - Instruction	<u>855,040</u>	<u>(2,996)</u>	<u>852,044</u>	<u>601,767</u>	<u>250,277</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 35,110	\$ (3,141)	\$ 31,969	\$ 31,969	-
Purchased Professional and Technical Services	11,000	162	11,162	11,162	-
Total Attendance and Social Work Services	46,110	(2,979)	43,131	43,131	-
Health Services					
Salaries	102,885	(1,939)	100,946	100,946	-
Purchased Professional and Technical Services	4,500	(500)	4,000	4,000	-
Supplies and Materials	2,000	(50)	1,950	1,950	-
Total Health Services	109,385	(2,489)	106,896	106,896	-
Speech, OT, PT & Related Services					
Salaries	70,835	-	70,835	64,313	\$ 6,522
Purchased Professional-Educational Services	538,978	1,074	540,052	192,387	347,665
Supplies and Materials	500	-	500	-	500
Total Speech, OT, PT & Related Services	610,313	1,074	611,387	256,700	354,687
Other Support Serv. Students- Extra Serv.					
Other Objects	4,500	-	4,500	-	4,500
Total Other Support Serv. Students- Extra Serv.	4,500	-	4,500	-	4,500
Guidance					
Salaries of Other Professional Staff	57,975	-	57,975	51,264	6,711
Supplies and Materials	2,630	-	2,630	1,815	815
Total Guidance	60,605	-	60,605	53,079	7,526
Child Study Teams					
Salaries of Other Professional Staff	318,414	31,338	349,752	349,752	-
Purchased Professional-Educational Services	18,850	(12,817)	6,033	6,033	-
Other Purchased Services	500	(371)	129	129	-
Supplies and Materials	2,500	1,386	3,886	3,886	-
Other Objects	4,820	(3,800)	1,020	1,020	-
Total Child Study Teams	345,084	15,736	360,820	360,820	-
Improvement of Instructional Services					
Salaries of Other Professional Staff	76,500	-	76,500	72,000	4,500
Purchased Professional-Educational Services	60,000	(3,003)	56,997	-	56,997
Other Purchased Services	-	780	780	524	256
Supplies and Materials	-	1,403	1,403	1,403	-
Other Objects	-	820	820	820	-
Total Improvement of Instructional Services	136,500	-	136,500	74,747	61,753

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 113,326	\$ (2,774)	\$ 110,552	\$ 110,552	-
Supplies and Materials	5,000	(3,620)	1,380	1,380	-
Total Educational Media Serv./School Library	118,326	(6,394)	111,932	111,932	-
Instructional Staff Training Services					
Other Purch. Professional and Technical Services	1,500	-	1,500	-	\$ 1,500
Other Purchased Services	2,000	-	2,000	1,736	264
Total Instructional Staff Training Services	3,500	-	3,500	1,736	1,764
Support Services General Administration					
Salaries	251,856	-	251,856	220,635	31,221
Legal Services	30,000	-	30,000	19,964	10,036
Audit Fees	23,000	280	23,280	23,280	-
Architectural/Engineering Services	5,000	7,563	12,563	1,391	11,172
Other Purchased Professional Services	8,500	(280)	8,220	7,873	347
Purchased Technical Services	4,300	(1,015)	3,285	-	3,285
Communications/Telephone	27,400	1,015	28,415	28,258	157
BOE Other Purchased Services	5,500	(852)	4,648	3,213	1,435
Misc Purchased Services	1,000	975	1,975	723	1,252
General Supplies	3,600	(60)	3,540	1,715	1,825
Miscellaneous Expenditures	2,500	85	2,585	2,585	-
BOE Membership Dues and Fees	8,500	(2)	8,498	6,288	2,210
Total Support Services General Administration	371,156	7,709	378,865	315,925	62,940
Support Services School Administration					
Salaries of Principal/Asst. Principals	142,726	-	142,726	142,226	500
Salaries of Secretarial and Clerical Assistants	86,779	-	86,779	82,344	4,435
Other Purchased Services	1,000	-	1,000	998	2
Supplies and Materials	7,200	(1,039)	6,161	741	5,420
Other Objects	5,800	1,039	6,839	1,069	5,770
Total Support Services School Administration	243,505	-	243,505	227,378	16,127
Central Services					
Salaries	211,197	-	211,197	187,446	23,751
Miscellaneous Purchased Services	1,700	470	2,170	1,590	580
Supplies and Materials	1,000	1,406	2,406	2,369	37
Miscellaneous Expenditures	2,000	-	2,000	1,834	166
Total Central Services	215,897	1,876	217,773	193,239	24,534

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 61,107	\$ 1,893	\$ 63,000	\$ 63,000	-
Purchased Professional Services	34,000	-	34,000	32,750	\$ 1,250
Purchased Technical Services	7,500	(4,443)	3,057	2,950	107
Other Purchased Services	700	319	1,019	524	495
Supplies and Material		355	355	355	-
Other Objects	550	-	550	525	25
Total Admin. Info. Technology	<u>103,857</u>	<u>(1,876)</u>	<u>101,981</u>	<u>100,104</u>	<u>1,877</u>
Required Maintenance for School Facilities					
Salaries	70,248	-	70,248	68,179	2,069
Cleaning, Repair and Maint. Serv.	45,000	102,364	147,364	144,416	2,948
General Supplies	18,000	93,422	111,422	111,422	-
Total Required Maintenance for School Fac.	<u>133,248</u>	<u>195,786</u>	<u>329,034</u>	<u>324,017</u>	<u>5,017</u>
Custodial Services					
Salaries	197,747	37,546	235,293	235,293	-
Salaries of Non-Instructional Aides	62,341	(1,372)	60,969	46,767	14,202
Purchased Professional and Technical Services	20,000	(4,000)	16,000	11,937	4,063
Cleaning, Repair and Maint. Serv.	17,450	18,681	36,131	34,918	1,213
Other Purchased Property Services	55,000	(18,750)	36,250	33,518	2,732
Insurance	100,000	865	100,865	100,865	-
Miscellaneous Purchased Services	31,000	(7,739)	23,261	3,591	19,670
General Supplies	20,000	12,034	32,034	31,190	844
Energy (Electricity)	320,000	(65,678)	254,322	215,356	38,966
Energy (Natural Gas)	40,000	-	40,000	28,420	11,580
Other Objects	4,000	-	4,000	2,660	1,340
Total Custodial Services	<u>867,538</u>	<u>(28,413)</u>	<u>839,125</u>	<u>744,515</u>	<u>94,610</u>
Security					
Cleaning, Repair, and Maintenance Services	6,500	30,322	36,822	36,822	-
Total Security	<u>6,500</u>	<u>30,322</u>	<u>36,822</u>	<u>36,822</u>	<u>-</u>
Student Transportation Services					
Salaries For Pupil Trans (Bet Home & Sch)-Sp Ed	23,827	-	23,827	17,400	6,427
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	200,500	-	200,500	138,590	61,910
Total Student Transportation Services	<u>224,327</u>	<u>-</u>	<u>224,327</u>	<u>155,990</u>	<u>68,337</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Group Insurance	\$ 10,000	-	\$ 10,000	\$ 3,607	\$ 6,393
Social Security Contributions	105,000	\$ 12,374	117,374	117,374	-
Board Share Retirement - DCRP	4,500	109	4,609	4,609	-
Other Retirement Contributions-PERS	126,000	-	126,000	116,354	9,646
Unemployment Compensation	25,000	-	25,000	20,931	4,069
Workmen's Compensation	65,000	-	65,000	39,309	25,691
Health Benefits	1,652,015	(54,884)	1,597,131	1,277,813	319,318
Tuition Reimbursement	15,000	3,372	18,372	18,372	-
Other Employee Benefits	50,980	24,000	74,980	63,373	11,607
Total Unallocated Benefits - Employee Benefits	<u>2,053,495</u>	<u>(15,029)</u>	<u>2,038,466</u>	<u>1,661,742</u>	<u>376,724</u>
On-behalf TPAF Pension System Contributions- Normal Costs & Accrued Liability (Non-Budget)				325,664	(325,664)
On-behalf TPAF Pension System Contributions-NCGI Cost (Non-Budget)				16,222	(16,222)
On-behalf TPAF Pension System Contributions-Post Retirement Medical Contributions (Non-Budget)				407,091	(407,091)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	315,424	(315,424)
Total Undistributed Expenditures	<u>6,508,886</u>	<u>192,327</u>	<u>6,701,213</u>	<u>6,434,941</u>	<u>266,272</u>
Total Expenditures - Current Expenditures	<u>10,533,384</u>	<u>363,034</u>	<u>10,896,418</u>	<u>10,568,492</u>	<u>327,926</u>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	20	-	20	-	20
Equipment					
Undistributed Expenditures-Instruction	12,703	5,336	18,039	18,039	-
Total Equipment	<u>12,703</u>	<u>5,336</u>	<u>18,039</u>	<u>18,039</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Legal Services	50,000	-	50,000	24,487	25,513
Construction Services	50,000	-	50,000	-	50,000
Other Objects- Debt Service Assessment	36,191	-	36,191	36,191	-
Total Facilities Acquisition and Construction Services	<u>136,191</u>	<u>-</u>	<u>136,191</u>	<u>60,678</u>	<u>75,513</u>
Total Capital Outlay	<u>148,914</u>	<u>5,336</u>	<u>154,250</u>	<u>78,717</u>	<u>75,533</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
TRANSFER OF FUNDS TO CHARTER SCHOOL	\$ 65,844	-	\$ 65,844	\$ 34,681	\$ 31,163
Total Expenditures	10,748,142	\$ 368,370	11,116,512	10,681,890	434,622
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(344,865)	(368,370)	(713,235)	1,377,468	2,090,703
Other Financing Sources Operating Transfers In	-	-	-	8	8
Total Other Financing Sources	-	-	-	8	8
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(344,865)	(368,370)	(713,235)	1,377,476	2,090,711
Fund Balance, Beginning of Year	2,418,583	-	2,418,583	2,418,583	-
Fund Balance, End of Year	<u>\$ 2,073,718</u>	<u>\$ (368,370)</u>	<u>\$ 1,705,348</u>	<u>\$ 3,796,059</u>	<u>\$ 2,090,711</u>

Recapitulation of Fund Balance

Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's Expenditures (2016/17 Budget)				\$ 344,865	
Excess Surplus				344,865	
Capital Reserve				2,027,006	
Maintenance Reserve				635,475	
Committed Fund Balance					
Year-End Encumbrances				14,721	
Assigned Fund Balance					
Year-End Encumbrances				61,713	
Unassigned Fund Balance				<u>367,414</u>	
Reconciliation to Governmental Funds Statements (GAAP):				3,796,059	
Less: 2015/2016 Extraordinary Aid not Recognized in a GAAP Basis			\$ (117,414)		
2015/2016 State Aid Payments not Recognized in a GAAP Basis			<u>(13,943)</u>		
				<u>(131,357)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,664,702</u>	

**CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 196,210	\$ 82,760	\$ 278,970	\$ 265,197	\$ (13,773)
Local Sources					
Miscellaneous	-	23,871	23,871	973	(22,898)
Total Revenues	<u>196,210</u>	<u>106,631</u>	<u>302,841</u>	<u>266,170</u>	<u>(36,671)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	76,654	244	76,898	68,489	8,409
Tuition	104,854	51,496	156,350	156,350	-
General Supplies	3,478	29,068	32,546	10,156	22,390
Other Objects	-	600	600	-	600
Total Instruction	<u>184,986</u>	<u>81,408</u>	<u>266,394</u>	<u>234,995</u>	<u>31,399</u>
Support Services					
Purchased Professional-Educational Services	11,224	4,548	15,772	14,772	1,000
Other Purchased Services		1,000	1,000	-	1,000
Personal Services-Employee Benefits	-	19,213	19,213	16,403	2,810
Other Objects	-	462	462	-	462
Total Support Services	<u>11,224</u>	<u>25,223</u>	<u>36,447</u>	<u>31,175</u>	<u>5,272</u>
Total Expenditures	<u>196,210</u>	<u>106,631</u>	<u>302,841</u>	<u>266,170</u>	<u>36,671</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 Fund 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) \$ 12,059,358	(C-2) \$ 266,170
Difference - Budget to GAAP:		
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2014/2015) State Aid and Extraordinary Aid)	137,490	
State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2015/2016) State Aid and Extraordinary Aid)	<u>(131,357)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>12,065,491</u>	(B-2) \$ <u>266,170</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>10,681,890</u>	(C-2) \$ <u>266,170</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>10,681,890</u>	(B-2) \$ <u>266,170</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01353%	0.01353%	0.01356
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,038,057</u>	<u>\$ 2,532,383</u>	<u>\$2,591,970</u>
District's Covered-Employee Payroll	\$ 896,630	\$ 842,069	\$ 936,288
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	338.83%	300.73%	276.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 116,354	\$ 111,504	\$ 102,187
Contributions in Relation to the Contractually Required Contribution	<u>116,354</u>	<u>111,504</u>	<u>102,187</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 896,630	\$ 842,069	\$ 936,288
Contributions as a Percentage of Covered-Employee Payroll	12.98%	13.24%	10.91%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$27,651,224</u>	<u>\$24,571,061</u>	<u>\$21,570,040</u>
Total	<u>\$27,651,224</u>	<u>\$24,571,061</u>	<u>\$21,570,040</u>
District's Covered-Employee Payroll	\$ 4,450,321	\$ 4,295,933	\$ 4,380,974
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5.

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, 2016**

	<u>NCLB Title I</u>	<u>NCLB Title II-A</u>	<u>NCLB Title III (Consortium)</u>	<u>Local Grants</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Total</u>
REVENUES							
Intergovernmental							
Local				\$ 973			\$ 973
Federal	\$ 87,811	\$ 14,772	\$ 6,264	-	\$ 149,818	\$ 6,532	\$ 265,197
Total Revenues	<u>\$ 87,811</u>	<u>\$ 14,772</u>	<u>\$ 6,264</u>	<u>\$ 973</u>	<u>\$ 149,818</u>	<u>\$ 6,532</u>	<u>\$ 266,170</u>
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 65,769		\$ 2,720				\$ 68,489
Tuition - Other Purchased Services					\$ 149,818	\$ 6,532	156,350
General Supplies	5,639	-	3,544	\$ 973	-	-	10,156
Total Instruction	<u>71,408</u>	<u>-</u>	<u>6,264</u>	<u>973</u>	<u>149,818</u>	<u>6,532</u>	<u>234,995</u>
Support Services							
Purchased Professional-Education Services		\$ 14,772					14,772
Personal Services - Employee Benefits	16,403	-	-	-	-	-	16,403
Total Support Services	<u>16,403</u>	<u>14,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,175</u>
Total Expenditures	<u>\$ 87,811</u>	<u>\$ 14,772</u>	<u>\$ 6,264</u>	<u>\$ 973</u>	<u>\$ 149,818</u>	<u>\$ 6,532</u>	<u>\$ 266,170</u>

**SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**CARLSTADT BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**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, 2016**

Revenues and Other Financing Sources	
Interest Earnings	\$ <u>8</u>
 Total Revenues	 <u>8</u>
 Expenditures and Other Financing Uses	
Transfer to General Fund	<u>8</u>
 Total Expenditures and Other Financing Uses	 <u>8</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 -
 Fund Balance - Beginning of Year	 <u>-</u>
 Fund Balance - End of Year	 <u>\$ -</u>

ENTERPRISE FUND

EXHIBIT G-1

**CARLSTADT BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 51,110	\$ 4,561	\$ 55,671
Total Assets	<u>\$ 51,110</u>	<u>\$ 4,561</u>	<u>\$ 55,671</u>
LIABILITIES			
Due to Other Fund		\$ 301	\$ 301
Payroll Deductions and Withholdings		4,260	4,260
Due to Student Groups	<u>\$ 51,110</u>	<u>-</u>	<u>51,110</u>
Total Liabilities	<u>\$ 51,110</u>	<u>\$ 4,561</u>	<u>\$ 55,671</u>

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<u>Balance, July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
ELEMENTARY/MIDDLE SCHOOL				
Carlstadt School Fund	\$ 46,918	\$ 85,657	\$ 81,465	\$ 51,110
Total	<u>\$ 46,918</u>	<u>\$ 85,657</u>	<u>\$ 81,465</u>	<u>\$ 51,110</u>

**CARLSTADT BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2016</u>
ASSETS				
Cash	\$ 1,460	\$ 6,641,437	\$ 6,638,336	\$ 4,561
Total Assets	<u>\$ 1,460</u>	<u>\$ 6,641,437</u>	<u>\$ 6,638,336</u>	<u>\$ 4,561</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 1,172	\$ 2,974,435	\$ 2,971,347	\$ 4,260
Accrued Salaries and Wages		3,666,822	3,666,822	
Due to Other Funds	<u>288</u>	<u>180</u>	<u>167</u>	<u>301</u>
Total Liabilities	<u>\$ 1,460</u>	<u>\$ 6,641,437</u>	<u>\$ 6,638,336</u>	<u>\$ 4,561</u>

LONG-TERM DEBT

**CARLSTADT BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, June 30, 2015</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
2014 Refunding Bonds	8/15/2014	\$ 17,075,000	5/1/2017	\$ 835,000	3.000 %			
			5/1/2018	865,000	4.000			
			5/1/2019	900,000	5.000			
			5/1/2020	950,000	5.000			
			5/1/2021	995,000	5.000			
			5/1/2022	1,050,000	5.000			
			5/1/2023	1,100,000	5.000			
			5/1/2024	1,155,000	5.000			
			5/1/2025	1,215,000	5.000			
			5/1/2026	1,270,000	5.000			
			5/1/2027	1,340,000	4.000			
			5/1/2028	1,390,000	3.125			
			5/1/2029	1,435,000	4.000			
			5/1/2030	1,490,000	4.000			
					Totals	\$ 16,800,000	\$ 810,000	\$ 15,990,000
						Paid by Budget Appropriation	\$ 810,000	

**CARLSTADT BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**CARLSTADT BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,538,861	-	\$ 1,538,861	\$ 1,538,861	-
 Total Revenues	<u>1,538,861</u>	<u>-</u>	<u>1,538,861</u>	<u>1,538,861</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Principal	810,000	-	810,000	810,000	
Interest	<u>729,738</u>	<u>-</u>	<u>729,738</u>	<u>729,738</u>	\$ -
 Total Expenditures	<u>1,539,738</u>	<u>-</u>	<u>1,539,738</u>	<u>1,539,738</u>	<u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(877)	-	(877)	(877)	-
 Fund Balance, Beginning of Year	<u>9,007</u>	<u>-</u>	<u>9,007</u>	<u>9,007</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ 8,130</u>	<u>\$ -</u>	<u>\$ 8,130</u>	<u>\$ 8,130</u>	<u>\$ -</u>

Recapitulation of Fund Balance

Designated for Subsequent Year's Budget (2016/17 Budget)	<u>\$ 8,130</u>
 Total Fund Balance - Restricted for Debt Service	<u>\$ 8,130</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 POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 5,304,258	\$ 5,384,844	\$ 5,192,883	\$ 5,300,976	\$ 5,244,675	\$ 5,461,934	\$ 5,656,821	\$ 5,831,190	\$ 6,254,163	\$ 6,549,520
Restricted	56,691	16,122	16,522	12,122	12,998	242,998	418,012	738,032	1,316,867	2,670,611
Unrestricted	632,121	102,678	(92,680)	(158,324)	342,738	225,134	406,502	(1,817,336)	(1,849,334)	(1,887,631)
Total Governmental Activities Net Position	<u>\$ 5,993,070</u>	<u>\$ 5,503,644</u>	<u>\$ 5,116,725</u>	<u>\$ 5,154,774</u>	<u>\$ 5,600,411</u>	<u>\$ 5,930,066</u>	<u>\$ 6,481,335</u>	<u>\$ 4,751,886</u>	<u>\$ 5,721,696</u>	<u>\$ 7,332,500</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 80,183	\$ 85,206	\$ 78,603	\$ 63,203	\$ 57,543	\$ 51,883	\$ 46,223	\$ 40,563	\$ 34,903	\$ 29,243
Unrestricted	3,597	9,102	14,230	35,691	58,210	86,115	60,525	80,367	86,480	89,970
Total Business-Type Activities Net Position	<u>\$ 83,780</u>	<u>\$ 94,308</u>	<u>\$ 92,833</u>	<u>\$ 98,894</u>	<u>\$ 115,753</u>	<u>\$ 137,998</u>	<u>\$ 106,748</u>	<u>\$ 120,930</u>	<u>\$ 121,383</u>	<u>\$ 119,213</u>
District-wide										
Net Investment in Capital Assets	\$ 5,384,441	\$ 5,470,050	\$ 5,271,486	\$ 5,364,179	\$ 5,302,218	\$ 5,513,817	\$ 5,703,044	\$ 5,871,753	\$ 6,289,066	\$ 6,578,763
Restricted	56,691	16,122	16,522	12,122	12,998	242,998	418,012	738,032	1,316,867	2,670,611
Unrestricted	635,718	111,780	(78,450)	(122,633)	400,948	311,249	467,027	(1,736,969)	(1,762,854)	(1,797,661)
Total District Net Position	<u>\$ 6,076,850</u>	<u>\$ 5,597,952</u>	<u>\$ 5,209,558</u>	<u>\$ 5,253,668</u>	<u>\$ 5,716,164</u>	<u>\$ 6,068,064</u>	<u>\$ 6,588,083</u>	<u>\$ 4,872,816</u>	<u>\$ 5,843,079</u>	<u>\$ 7,451,713</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

Source: District financial statements

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,534,787	\$ 4,748,821	\$ 4,870,074	\$ 4,921,499	\$ 4,946,784	\$ 5,187,427	\$ 5,948,088	\$ 5,614,358	\$ 6,301,616	\$ 6,472,470
Special Education	1,283,968	1,422,783	1,464,019	1,239,255	1,041,124	1,284,951	1,257,712	1,278,303	1,423,547	1,571,026
Other Instruction	372,780	259,117	430,879	233,466	114,477	312,235	252,509	317,366	313,678	318,631
School Sponsored Activities and Athletics	15,813	18,426	23,320	26,782	24,084	19,583	26,917	32,106	39,603	49,051
Community Service Programs				40,000						
Support Services:										
Student & Instruction Related Services	730,316	822,097	793,598	1,140,575	1,061,883	979,154	1,072,946	1,188,084	1,358,375	1,361,539
School Administrative Services	296,246	293,758	414,706	342,746	317,607	321,801	329,949	313,240	363,485	384,786
General Administration	349,800	306,511	360,938	351,870	404,109	433,145	438,073	526,629	788,610	472,367
Plant Operations and Maintenance	870,099	1,601,787	1,544,963	1,506,301	1,526,383	1,550,582	999,440	1,090,672	1,526,763	1,808,890
Pupil Transportation	214,652	253,191	199,963	199,780	194,250	181,371	125,624	157,626	201,727	163,966
Business/Central Svc./Admin. Info.	319,873	434,574	243,635	457,726	454,975	409,172	395,054	407,947	406,950	401,993
Interest on Long-Term Debt	1,056,238	1,031,721	1,011,375	985,125	957,124	927,873	896,602	865,379	449,932	601,477
Total Governmental Activities Expenses	10,044,372	11,192,786	11,357,470	11,445,125	11,042,800	11,607,294	11,742,914	11,791,710	13,174,286	13,606,196
Business-Type Activities:										
Food service	44,139	246,905	250,371	245,682	258,326	285,404	348,993	297,155	291,652	311,145
Total Business-Type Activities Expense	44,139	246,905	250,371	245,682	258,326	285,404	348,993	297,155	291,652	311,145
Total District Expenses	\$ 10,088,711	\$ 11,439,691	\$ 11,607,841	\$ 11,690,807	\$ 11,301,126	\$ 11,892,698	\$ 12,091,907	\$ 12,088,865	\$ 13,465,938	\$ 13,917,341
Program Revenues										
Governmental Activities:										
Charges for Services		\$ 106,000	\$ 43,876	\$ 55,601	\$ 106,667	\$ 39,400	\$ 48,375	\$ 73,600	\$ 80,050	\$ 106,657
Operating Grants and Contributions	\$ 1,419,342	1,381,938	1,238,975	1,386,606	937,791	1,257,255	1,457,898	1,444,947	2,609,790	3,046,369
Capital Grants and Contributions	4,161,716	-	-	-	-	-	3,046,369	-	-	-
Total Governmental Activities Program Revenues	5,581,058	1,487,938	1,282,851	\$ 1,442,207	\$ 1,044,458	\$ 1,296,655	\$ 4,552,642	\$ 1,518,547	\$ 2,689,840	\$ 3,153,026
Business-Type Activities:										
Charges for services										
Food Service	\$ 8,046	\$ 192,726	\$ 191,060	\$ 187,389	\$ 195,964	\$ 207,542	\$ 202,079	\$ 190,108	\$ 176,503	\$ 183,292
Operating Grants and Contributions	15,907	46,071	57,669	74,082	79,198	100,089	115,494	121,100	115,453	125,512
Capital Grants and Contributions	84,900	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	108,853	238,797	248,729	261,471	275,162	307,631	317,573	311,208	291,956	308,804
Total District Program Revenues	\$ 5,689,911	\$ 1,726,735	\$ 1,531,580	\$ 1,703,678	\$ 1,319,620	\$ 1,604,286	\$ 4,870,215	\$ 1,829,755	\$ 2,981,796	\$ 3,461,830
Net (Expense)/Revenue										
Governmental Activities	\$ (4,463,514)	\$ (9,704,848)	\$ (10,074,619)	\$ (10,002,918)	\$ (9,998,342)	\$ (10,310,639)	\$ (7,190,272)	\$ (10,273,163)	\$ (10,484,446)	\$ (10,453,170)
Business-Type Activities	64,714	(8,108)	(1,642)	15,789	16,836	22,227	(31,420)	14,053	304	(2,341)
Total District-Wide Net Expense	\$ (4,398,800)	\$ (9,712,956)	\$ (10,076,261)	\$ (9,987,129)	\$ (9,981,506)	\$ (10,288,412)	\$ (7,221,692)	\$ (10,259,110)	\$ (10,484,142)	\$ (10,455,511)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 7,349,150	\$ 7,443,116	\$ 7,997,855	\$ 8,380,526	\$ 8,765,178	\$ 8,940,482	\$ 9,093,292	\$ 9,414,158	\$ 9,737,812	\$ 10,071,271
Taxes levied for debt service	1,533,835	1,609,852	1,651,221	1,655,621	1,658,821	1,660,821	1,666,621	1,671,021	1,672,021	1,538,861
Unrestricted grants and contributions	67,187	78,308	2,778	2,259	248				5,424	6,205
Investment earnings	244,212	84,726	8,047	1,661	3,738	3,990	3,484	4,207	6,031	7,613
Miscellaneous income	2,255	17,535	27,799	14,984	15,994	35,001	24,513	46,298	32,968	440,024
Transfers	(17,430)	(18,115)								
Loss on Disposal of Capital Assets	(477,740)									
Total Governmental Activities	8,701,469	9,215,422	9,687,700	10,055,051	10,443,979	10,640,294	10,787,910	11,135,684	11,454,256	12,063,974
Business-Type Activities:										
Investment earnings		521	167	12	23	18	170	129	149	171
Transfers	17,430	18,115								
Total Business-Type Activities	17,430	18,636	167	12	23	18	170	129	149	171
Total District-Wide	\$ 8,718,899	\$ 9,234,058	\$ 9,687,867	\$ 10,055,063	\$ 10,444,002	\$ 10,640,312	\$ 10,788,080	\$ 11,135,813	\$ 11,454,405	\$ 12,064,145
Change in Net Position										
Governmental Activities	\$ 4,237,955	\$ (489,426)	\$ (386,919)	\$ 52,133	\$ 445,637	\$ 329,655	\$ 3,597,638	\$ 862,521	\$ 969,810	\$ 1,610,804
Business-Type Activities	82,144	10,528	(1,475)	15,801	16,859	22,245	(31,250)	14,182	453	(2,170)
Total District	\$ 4,320,099	\$ (478,898)	\$ (388,394)	\$ 67,934	\$ 462,496	\$ 351,900	\$ 3,566,388	\$ 876,703	\$ 970,263	\$ 1,608,634

Source: District financial statements

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 805,910	\$ 336,593	\$ 16,336	\$ 19,593						
Unreserved	235,719	114,938	80,784	78,883						
Restricted					\$ 104,236	\$ 374,960	\$ 693,267	\$ 1,287,428	\$ 1,997,590	\$ 3,352,211
Committed										14,721
Assigned					99,145	21,054	77,268	170,619	56,926	61,713
Unassigned					250,000	248,738	242,373	248,794	226,577	236,057
Total General Fund	<u>\$ 1,041,629</u>	<u>\$ 451,531</u>	<u>\$ 97,120</u>	<u>\$ 98,476</u>	<u>\$ 453,381</u>	<u>\$ 644,752</u>	<u>\$ 1,012,908</u>	<u>\$ 1,706,841</u>	<u>\$ 2,281,093</u>	<u>\$ 3,664,702</u>
All Other Governmental Funds										
Reserved	\$ 1,227,547	\$ 149,060	\$ 152,500	\$ 11,500						
Unreserved	1,276,886	881,263	614,706	375,336						
Restricted					\$ 134,619	\$ 63,685	\$ 9,044	\$ 877	\$ 9,007	\$ 8,130
Committed										
Assigned										
Unassigned										
Total All Other Governmental Funds	<u>\$ 2,504,433</u>	<u>\$ 1,030,323</u>	<u>\$ 767,206</u>	<u>\$ 386,836</u>	<u>\$ 134,619</u>	<u>\$ 63,685</u>	<u>\$ 9,044</u>	<u>\$ 877</u>	<u>\$ 9,007</u>	<u>\$ 8,130</u>

Source: District financial statements

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 TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property Tax levy	\$ 8,882,985	\$ 9,052,968	\$ 9,649,076	\$ 10,036,147	\$ 10,423,999	\$ 10,601,303	\$ 10,759,913	\$ 11,085,179	\$ 11,409,833	\$ 11,610,132
Interest Earnings	244,212	84,726	8,047	1,661	3,738	3,990	3,484	4,207	6,031	7,613
Miscellaneous	2,255	17,535	27,799	15,534	55,950	77,467	72,888	122,289	114,018	547,654
State Sources	5,476,665	1,288,696	1,028,518	1,079,800	665,419	984,907	1,223,141	1,181,949	1,250,945	1,439,934
Federal Sources	171,580	171,550	213,235	308,515	272,620	269,282	234,757	260,607	277,638	265,197
Total Revenues	14,777,697	10,615,475	10,926,675	11,441,657	11,421,726	11,936,949	12,294,183	12,654,231	13,058,465	13,870,530
Expenditures										
Instruction										
Regular Instruction	4,506,580	4,716,080	4,749,089	4,853,027	4,878,455	5,080,080	5,374,388	5,052,526	5,274,372	5,285,357
Special Education Instruction	1,283,968	1,422,783	1,459,747	1,239,255	1,051,845	1,284,951	1,257,712	1,278,303	1,303,584	1,423,526
Other Instruction	372,780	259,117	439,491	233,466	114,477	312,235	252,509	317,366	276,480	268,301
School Sponsored Activities and Athletics	15,813	18,426	22,983	26,782	24,084	19,583	26,917	32,106	34,449	41,082
Community Service Programs				40,000						
Support Services:										
Student & Inst. Related Services	730,316	822,097	800,478	1,139,326	1,066,322	979,154	1,072,946	1,188,084	1,358,375	1,323,855
General Administrative	364,800	318,758	358,193	387,351	395,497	433,145	438,073	512,734	607,616	461,718
School Administrative Services	296,246	321,511	439,272	344,942	326,219	321,801	329,949	313,240	326,442	332,955
Plant Operations and Maintenance	691,961	1,047,851	999,639	936,718	942,845	979,321	892,633	983,936	974,973	1,240,196
Pupil Transportation	214,652	253,191	199,963	199,780	194,250	181,371	125,624	157,626	201,727	163,126
Business Svcs./Central Svcs/Admin. Info. Tech.	319,873	328,775	197,346	415,614	390,882	409,172	395,054	407,947	406,950	389,905
Capital outlay	10,452,647	1,479,056	267,672	311,077	251,713	131,250	125,347	49,639	47,224	18,039
Debt service:										
Principal	585,000	638,102	659,607	689,657	720,658	751,710	787,814	803,913	1,110,000	810,000
Interest and other charges	1,059,221	1,038,747	1,015,642	989,592	961,791	932,739	901,702	871,045	558,323	729,738
Advanced Refunding Escrow									792,328	-
Cost of Issuance on Refunded Bonds	-	-	-	-	-	-	-	-	163,436	-
Total Expenditures	20,893,857	12,664,494	11,609,122	11,806,587	11,319,038	11,816,512	11,980,668	11,968,465	13,436,279	12,487,798
Excess (Deficiency) of Revenues over (under) Expenditures	(6,116,160)	(2,049,019)	(682,447)	(364,930)	102,688	120,437	313,515	685,766	(377,814)	1,382,732
Other Financing sources (uses)										
Payments to Refunded Bond Escrow Agent									(18,107,000)	-
Refunding Bond Proceeds									17,075,000	-
Premium on Issuance of Refunding Bonds									1,992,196	-
Capital Leases	72,132		64,919							
Transfers in	192,846	65,147	2,432	637	876	198	93	9	25	8
Transfers out	(210,276)	(83,262)	(2,432)	(637)	(876)	(198)	(93)	(9)	(25)	(8)
Total Other Financing Sources (Uses)	54,702	(18,115)	64,919	-	-	-	-	-	960,196	-
Net Change in Fund Balances	\$ (6,061,458)	\$ (2,067,134)	\$ (617,528)	\$ (364,930)	\$ 102,688	\$ 120,437	\$ 313,515	\$ 685,766	\$ 582,382	\$ 1,382,732
Debt service as a percentage of noncapital expenditures	15.75%	14.99%	14.77%	14.61%	15.20%	14.42%	14.25%	14.05%	19.60%	14.09%

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

Source: District financial statements

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

Fiscal Year Ended June 30,	Interest Earned	Tuition	Rentals	Refunds/ Reimbursements	Book Fines	Insurance Settlement	Legal Settlement	E-Rate	Miscellaneous	Total
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
2013	3,391	48,375						\$ 15,595	4,215	71,576
2014	4,198	33,600	\$ 40,000					17,126	29,172	124,096
2015	6,006	35,750	44,300	1,685				18,758	12,525	119,024
2016	7,605	61,537	45,120				\$ 410,000		30,024	554,286

Source: District financial statements

**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
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	1,987,627,519	1.169
*2013	34,305,800	515,816,100			377,826,200	1,062,832,900	12,522,700	2,003,303,700	3,783,126	2,007,086,826	2,016,315,081	0.553
2014	31,223,500	514,640,900			373,118,400	1,087,516,700	12,522,700	2,019,022,200	3,613,428	2,022,635,628	1,932,600,159	0.565
2015	33,288,000	512,603,600			361,637,400	1,083,418,000	12,497,700	2,003,444,700	3,753,851	2,007,198,551	2,058,775,005	0.578
2016	30,238,700	512,535,900			337,670,700	1,085,006,205	12,497,700	1,977,949,205	3,473,074	1,981,422,279	2,187,721,816	0.596

Source: County Abstract of Ratables

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^a Tax rates are per \$100

* The Borough underwent a revaluation effective calendar year 2013.

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

Overlapping Rates

Calendar Year	Total Direct School Tax Rate	Regional School District	Municipality	Municipal Library	County	Total Direct and Overlapping Tax Rate
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
* 2013	0.553	0.297	0.880	0.033	0.219	1.982
2014	0.565	0.306	0.884	0.031	0.205	1.991
2015	0.578	0.316	0.896	0.034	0.246	2.070
2016	0.596	0.364	0.869	0.036	0.261	2.126

Source: Municipal Tax Collector

* The Borough underwent a revaluation effective calendar year 2013

Note: Bergen County Board of Taxation certifies only the total tax rate of each taxing entity and the combined total tax rate of the respective municipality

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 221,871,700	11.2%		
AMB	97,474,600	4.9%		
Trans Con Pipe Line	85,454,600	4.3%		
Prologis	61,460,900	3.1%		
I&G Direct	24,054,700	1.2%		
Plank Pat. Realty	18,520,900	0.9%		
455 16th St.	17,313,700	0.9%		
Barrel Sister Group	10,756,200	0.5%		
Thumann, Inc.	12,317,800	0.6%		
A.G. Holdings	12,000,000	0.6%		
	<u>\$ 561,225,100</u>	<u>28.3%</u>		
Individual Taxpayer			\$ 91,383,500	8.7%
Trans Con Pipe Line			45,047,100	4.3%
AMB Properties			44,868,600	4.3%
Prologis Trust			37,451,600	3.6%
Keystone, NJ Assoc.			16,983,900	1.6%
Gotham Ind. Park			13,354,200	1.3%
Plank Pat. Realty			10,713,500	1.0%
Barell Assoc.			7,849,200	0.8%
Thumann, Inc.			6,200,000	0.6%
A.G. Holdings			5,300,000	0.5%
			<u>\$ 279,151,600</u>	<u>25.43%</u>

Source: Municipal Tax Assessor

**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	
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%	
2013	10,759,913	10,759,913	100.00%	
2014	11,085,179	11,085,179	100.00%	
2015	11,409,833	11,409,833	100.00%	
2016	11,610,132	11,610,132	100.00%	

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Capital Leases	Capital Leases	Total District		
2007	\$ 23,862,000	\$ 66,542		\$ 23,928,542	5,916	\$ 4,045
2008	23,247,000	43,440		23,290,440	5,965	3,905
2009	22,607,000	88,752		22,695,752	5,999	3,783
2010	21,937,000	69,095		22,006,095	6,059	3,632
2011	21,237,000	48,437		21,285,437	6,133	3,471
2012	20,507,000	26,727		20,533,727	6,177	3,324
2013	19,742,000	3,913		19,745,913	6,201	3,184
2014	18,942,000	-		18,942,000	6,232	3,039
2015	16,800,000	-		16,800,000	6,252	2,687
2016	15,990,000	-		15,990,000	6,279	2,547

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2007	\$ 23,862,000		\$ 23,862,000	2.45%	4,033
2008	23,247,000		23,247,000	2.39%	3,897
2009	22,607,000		22,607,000	2.34%	3,768
2010	21,937,000		21,937,000	2.29%	3,621
2011	21,237,000		21,237,000	2.27%	3,463
2012	20,507,000		20,507,000	2.23%	3,320
2013	19,742,000		19,742,000	0.98% *	3,184
2014	18,942,000		18,942,000	0.94%	3,039
2015	16,800,000		16,800,000	0.84%	2,687
2016	15,990,000	\$ 8,130	15,981,870	0.81%	2,545

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

* The Borough underwent a revaluation effective calendar year 2013

**CARLSTADT BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Carlstadt Board of Education	\$ 16,800,000	\$ 16,800,000	
Borough of Carlstadt	<u>16,690,954</u>	<u>3,381,000</u>	<u>\$ 13,309,954</u>
	<u>\$ 33,490,954</u>	<u>\$ 20,181,000</u>	<u>13,309,954</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			12,062,791
Bergen County Utilities Authority - Water Pollution (B)			<u>2,349,353</u>
			<u>14,412,144</u>
 Total Direct and Overlapping Debt			 <u>\$ 27,722,098</u>

Source:

(1) Borough of Carlstadt's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt by dividing the municipality's 2015 equalized value by the total 2015 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 2016

		Equalized valuation basis	
	2015	\$	2,194,353,450
	2014		2,053,521,359
	2013		1,895,811,205
		[A]	<u>\$ 6,143,686,014</u>
Average equalized valuation of taxable property		[A/3]	\$ 2,047,895,338
Debt limit (3 % of average equalization value)		[B]	61,436,860 a
Total Net Debt Applicable to Limit		[C]	<u>15,990,000</u>
Legal debt margin		[B-C]	<u>\$ 45,446,860</u>

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 58,422,538	\$ 64,019,299	\$ 70,452,130	\$ 76,552,647	\$ 76,190,337	\$ 71,851,095	\$ 64,522,987	\$ 60,354,328	\$ 59,351,466	\$ 61,436,860
Total net debt applicable to limit	<u>23,862,181</u>	<u>23,247,181</u>	<u>22,607,181</u>	<u>21,937,181</u>	<u>21,237,181</u>	<u>20,507,181</u>	<u>19,742,181</u>	<u>18,942,000</u>	<u>16,800,000</u>	<u>15,990,000</u>
Legal debt margin	<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>	<u>\$ 44,780,806</u>	<u>\$ 41,412,328</u>	<u>\$ 42,551,466</u>	<u>\$ 45,446,860</u>
Total net debt applicable to the limit as a percentage of debt limit	40.84%	36.31%	32.09%	28.66%	27.87%	28.54%	30.60%	31.38%	28.31%	26.03%

Source: Annual Debt Statements

**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>
2007	5,916	\$ 68,147	3.0%
2008	5,965	68,548	3.9%
2009	5,999	64,571	7.0%
2010	6,059	65,275	7.20%
2011	6,133	68,244	7.10%
2012	6,177	71,380	7.20%
2013	6,201	70,498	8.80%
2014	6,232	73,536	6.60%
2015	6,252	N/A	5.60%
2016	6,279	N/A	N/A

N/A - Not Available

Source: New Jersey State Department of Education

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

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
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>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	45	46	47	46	47	49	50	50	50	50
Special Education										
Other Special Education	14	5	5	6	6	11	8	8	8	10
Vocational										
Other Instruction							3	1	1	1
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	8	2	6	6	6	8	9	9	9	8
General administration	2	3	3	3	3	2	2	2	2	2
School administrative services	3	3	3	3	3	3	3	3	6	6
Other administrative services										
Central services	2	2	2	2	2	2	2	2	2	2
Administrative Information Technology						1			1	1
Plant operations and maintenance	5	5	5	5	5	7	8	7	5	5
Pupil transportation										
Other support services										
Special Schools										
Food Service										
Child Care										
Total	<u>79</u>	<u>66</u>	<u>71</u>	<u>71</u>	<u>72</u>	<u>83</u>	<u>85</u>	<u>82</u>	<u>84</u>	<u>85</u>

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	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
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%
2013	603	10,165,805	16,859	-1.55%	47	1:13	599	569	3.28%	94.99%
2014	592	10,243,868	17,304	2.64%	47	1:13	592	564	-1.17%	95.27%
2015	574	10,764,968	18,754	11.24%	47	1:12	574	544	-4.17%	94.77%
2016	559	10,930,021	19,553	13.00%	50	1:11	564	537	-4.73%	95.21%

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Carlstadt Public School										
Square Feet	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000
Capacity (students)										
Enrollment	531	567	582	580	595	584	603	592	574	559

Number of Schools at June 30, 2016
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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
School Facilities										
Carlstadt School Public School	<u>\$ 15,600</u>	<u>\$ 9,726</u>	<u>\$ 27,612</u>	<u>\$ 29,770</u>	<u>\$ 38,954</u>	<u>\$ 42,399</u>	<u>\$ 60,625</u>	<u>\$ 137,095</u>	<u>\$ 122,214</u>	<u>\$ 324,017</u>
Grand Total	<u>\$ 15,600</u>	<u>\$ 9,726</u>	<u>\$ 27,612</u>	<u>\$ 29,770</u>	<u>\$ 38,954</u>	<u>\$ 42,399</u>	<u>\$ 60,625</u>	<u>\$ 137,095</u>	<u>\$ 122,214</u>	<u>\$ 324,017</u>

Source: District Records

Source: School District's financial statements

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Property *		
Blanket Buildings and Contents	\$ 27,819,195	\$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	Shared Pool Limit
	\$ 5,000	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
	\$ 5,000	Deductible
Cyber Liability	\$ 1,000,000	\$4,000,000 agg.
(Indian Harbor)	\$ 15,000	Deductible

* Selective Way Insurance Co.

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Carlstadt Board of Education's basic financial statements and have issued our report thereon dated November 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Carlstadt Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Carlstadt Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carlstadt Board of Education's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Carlstadt Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated November 9, 2016.

Purpose of this Report

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

Handwritten signature: Lerch, Vinci & Higgins, LLP

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



Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
November 9, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Carlstadt Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Carlstadt Board of Education's major state programs for the fiscal year ended June 30, 2016. The 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.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Carlstadt Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Carlstadt Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Carlstadt Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 9, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins, LLP

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

D. Japhet

Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
November 9, 2016

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, June 30, 2015					Balance, June 30, 2016					Memo GAAP Receivable
						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Carryover Amount	Adjust Receivable	Cash Received	Budgetary Expenditures	Unearned Revenue	(Accounts Receivable)	Due to Grantor	
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund																
National School Lunch Program	10.555															
Non-Cash Assistance (Food Distribution)		16161NJ304N1099	N/A	7/1/15-6/30/16	\$ 24,127						\$ 24,127	\$ 23,596	\$ 531			
Non-Cash Assistance (Food Distribution)			N/A	7/1/14-6/30/15	19,584	\$ 1,091						1,091				
Cash Assistance		16161NJ304N1099	N/A	7/1/15-6/30/16	86,421						69,753	86,421		\$ (16,668)		\$ (16,668)
Cash Assistance			N/A	7/1/14-6/30/15	83,671		\$ (17,939)				17,939					
Health Hunger-Free Kids Act of 2011	10.555															
Cash Assistance		16161NJ304N1099	N/A	7/1/15-6/30/16	3,749						3,020	3,749		(729)		(729)
Cash Assistance			N/A	7/1/14-6/30/15	3,702		(795)				795					
National School Breakfast Program	10.553															
Cash Assistance		16161NJ304N1099	N/A	7/1/15-6/30/16	7,773						6,173	7,773		(1,600)		(1,600)
Cash Assistance			N/A	7/1/14-6/30/15	5,562	-	(1,233)	-	-	-	1,233	-	-	-	-	-
Total U.S. Department of Agriculture/Child Nutrition Cluster						1,091	(19,967)	-	-	-	123,040	122,630	531	(18,997)	-	(18,997)
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund																
IDEA Part B	84.027	H027A150100	IDEA074016	7/1/15-6/30/16	149,818						149,818	149,818				
IDEA Part B	84.027		IDEA074015	7/1/14-6/30/15	147,690		(147,690)				147,690					
IDEA Preschool	84.173	H173A150114	IDEA074016	7/1/15-6/30/16	6,532						6,532	6,532				
IDEA Preschool	84.173		IDEA074015	7/1/14-6/30/15	6,412		(7,605)				7,605	-				
Total Special Education Cluster (IDEA)												156,350				
NCLB Title I	84.010A	S010A150030	NCLB074016	7/1/15-6/30/16	96,115				\$ 4,059	\$ (4,059)	55,603	87,811	12,363	(44,571)		(32,208)
NCLB Title I	84.010A		NCLB074015	7/1/14-6/30/15	97,010	4,059	(91,353)		(4,059)	4,059	87,294					
NCLB Title II- A	84.367A	S367A150029	NCLB074016	7/1/15-6/30/16	14,772						11,110	14,772	-	(3,662)		(3,662)
NCLB Title II- A	84.367A		NCLB074015	7/1/14-6/30/15	14,844		(11,430)				11,430					
NCLB Title III (Consortium)	84.365A	S365A150030	NCLB074016	7/1/15-6/30/16	6,821				853	(853)	3,886	6,264	1,410	(3,788)		(2,378)
NCLB Title III (Consortium)	84.365A		NCLB074015	7/1/14-6/30/15	8,959	853	(8,990)	-	(853)	853	8,137	-	-	-	-	-
Total U.S. Department of Education						4,912	(267,068)	-	-	-	489,105	265,197	13,773	(52,021)	-	(38,248)
Total Federal Awards						\$ 6,003	\$ (287,035)	\$ -	\$ -	\$ -	\$ 612,145	\$ 387,827	\$ 14,304	\$ (71,018)	\$ -	\$ (57,245)

Note: The District is not subject to a Federal Single Audit in accordance with U.S. Uniform Guidance

FAIN numbers are only applicable to current year grant awards.

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, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2016			MEMO	
								Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education												
<u>General Fund</u>												
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	\$ 21,525			\$ 20,334	\$ 21,525		\$ (1,191)			\$ 21,525
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	21,525	\$ (2,001)		2,001						
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	207,971			196,464	207,971		(11,507)			207,971
Special Education Categorical Aid	16-495-034-5120-089	7/1/14-6/30/15	207,971	(19,331)		19,331						
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	5,980			5,649	5,980		(331)			5,980
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	5,980	(556)		556						
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	5,980			5,649	5,980		(331)			5,980
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	5,980	(556)		556						
Total State Aid Public Cluster							<u>241,456</u>					
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	10,530			9,947	10,530		(583)			10,530
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	10,530	(979)		979						
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	117,414				117,414		(117,414)			117,414
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	114,067	(114,067)		114,067						
On-Behalf TPAF Pension System Contributions NCGI	16-495-034-5094-004	7/1/15-6/30/16	16,222			16,222	16,222					16,222
On-Behalf TPAF Pension System Contributions Normal Costs and Accrued Liability	16-495-034-5094-002	7/1/15-6/30/16	325,664			325,664	325,664					325,664
On-Behalf TPAF Pension System Contributions (Post Retirement Medical)	16-495-034-5094-001	7/1/15-6/30/16	407,091			407,091	407,091					407,091
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	315,424			298,524	315,424		(16,900)		\$ (16,900)	315,424
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	337,627	(16,366)	-	16,366	-	-	-	-	-	-
Total General Fund				<u>(153,856)</u>	<u>-</u>	<u>1,439,400</u>	<u>1,433,801</u>	<u>-</u>	<u>(148,257)</u>	<u>-</u>	<u>(16,900)</u>	<u>1,433,801</u>
State Department of Agriculture												
<u>Enterprise Fund</u>												
National School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	2,882			2,322	2,882		(560)		(560)	2,882
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	2,934	(695)	-	695	-	-	-	-	-	-
Total Enterprise Fund				<u>(695)</u>	<u>-</u>	<u>3,017</u>	<u>2,882</u>	<u>-</u>	<u>(560)</u>	<u>-</u>	<u>(560)</u>	<u>2,882</u>
Total State Financial Assistance Subject to Single Audit Determination				<u>(154,551)</u>	<u>-</u>	<u>1,442,417</u>	<u>1,436,683</u>	<u>-</u>	<u>(148,817)</u>	<u>-</u>	<u>(17,460)</u>	<u>1,436,683</u>
State Financial Assistance Not Subject to Major Program Determination												
<u>General Fund</u>												
On-Behalf TPAF Pension System Contributions-NCGI	16-495-034-5095-004	7/1/15-6/30/16	16,222			(16,222)	(16,222)					(16,222)
On-Behalf TPAF Normal Costs	16-495-034-5095-002	7/1/15-6/30/16	325,664			(325,664)	(325,664)					(325,664)
On-Behalf TPAF Post-Retirement Medical Contributions	16-495-034-5095-001	7/1/15-6/30/16	407,091			(407,091)	(407,091)					(407,091)
Total State Financial Assistance Subject to Major Program Determination				<u>\$ (154,551)</u>	<u>\$ -</u>	<u>\$ 693,440</u>	<u>\$ 687,706</u>	<u>\$ -</u>	<u>\$ (148,817)</u>	<u>\$ -</u>	<u>\$ (17,460)</u>	<u>\$ 687,706</u>

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, 2016**

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 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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$6,133 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,439,934	\$ 1,439,934
Special Revenue Fund	\$ 265,197		265,197
Food Service Fund	<u>122,630</u>	<u>2,882</u>	<u>125,512</u>
Total Financial Assistance	<u>\$ 387,827</u>	<u>\$ 1,442,816</u>	<u>\$ 1,830,643</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, 2016****NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$315,424 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$341,886 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$407,091 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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 financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CARLSTADT BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued on financial statements	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
2) Were significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to the basic financial statements noted?	_____ yes	_____ <u>X</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, 2016**

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.

There are none.

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

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, 2016**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There are none.