

**CARLSTADT BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Carlstadt, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Carlstadt Board of Education**

**Carlstadt, New Jersey**

**For The Fiscal Year Ended June 30, 2017**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

# CARLSTADT PUBLIC SCHOOL

*Stephen Kollinok*  
*Superintendent*

*Megan S. Pepe*  
*Business Administrator/  
Board Secretary*

*550 Washington Street*  
*Carlstadt, New Jersey 07072*  
*Phone: 201-672-3000*  
*Fax: 201-672-9845*  
*www.carlstadt.org*

November 28, 2017

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, 2017, 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 2016-2017 fiscal year with an average daily enrollment of 535 students, which is 24 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>
2016-17	535	(4.29) %
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%

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 will take anywhere from 1 to 3 years to complete. The project should provide a number of job opportunities for people in the neighboring communities, including Carlstadt. The District does not anticipate any real change in the student population as a result of this commercial venture.

3) MAJOR INITIATIVES:

During the 2016-2017 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, 2017.

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.

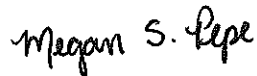
8) RISK MANAGEMENT: The Board carried various forms of insurance, including but not limited to general liability, automobile liability, hazard and theft insurance on property and contents, and fidelity bonds.

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:

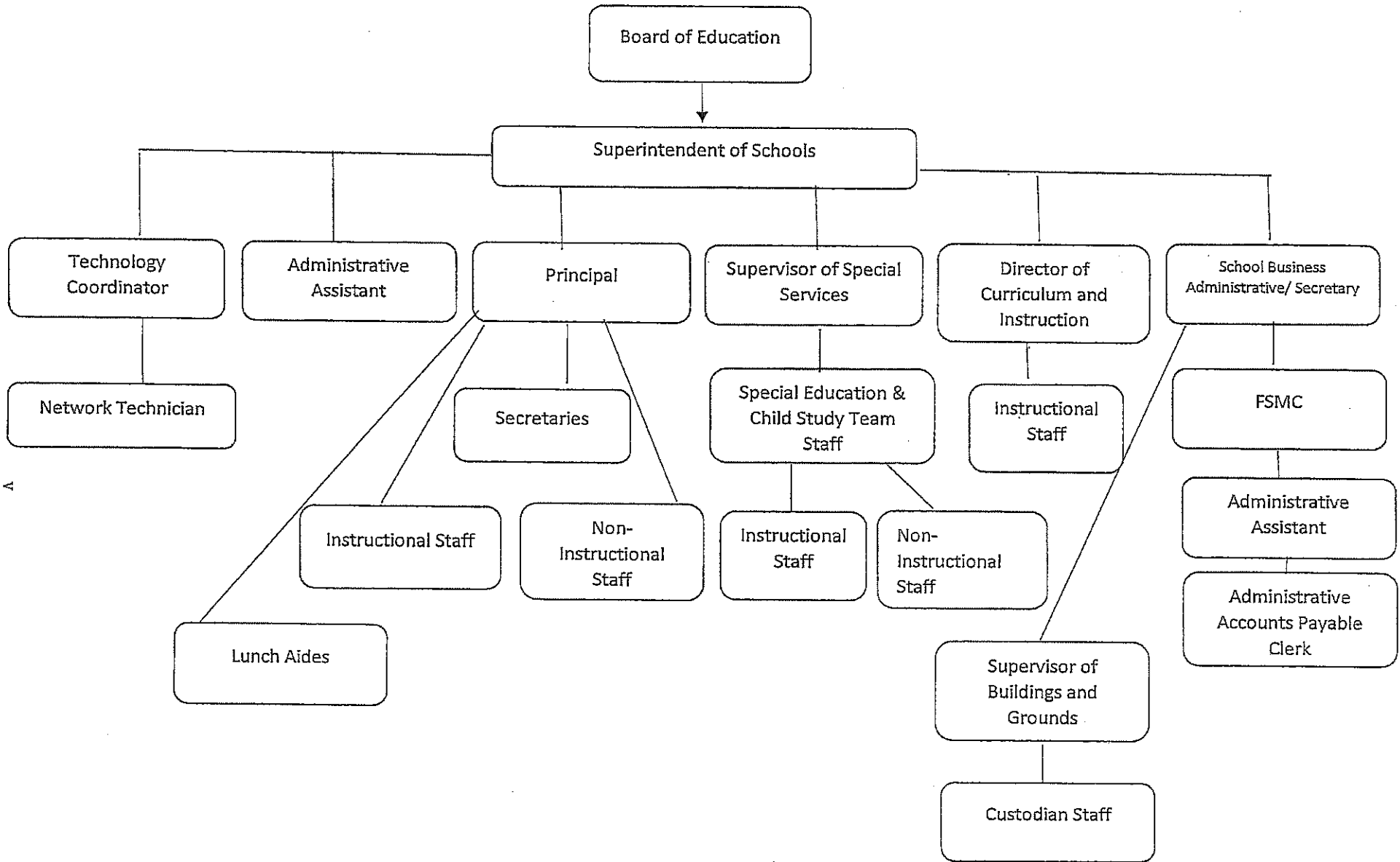
We would like to express our appreciation to the members of the Carlstadt School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The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

Respectfully submitted,



Megan S. Pepe  
Business Administrator/Board Secretary

1110 ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

<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
Frank Ficetola	2019
Susan Hamilton	2017
Lori Nunziato	2017
Massimo Offreda	2019
Henry Riveros	2019
Bruce Young	2018

Other Officials

Stephen Kollinok, Superintendent of Schools

Bert Arifaj, Business Administrator/Board Secretary

Jeff Merlino, 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, PSA

## 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, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

17-17 ROUTE 208 • FAIR LAWN, NJ 07410 • TELEPHONE (201) 791-7100 • FACSIMILE (201) 791-3035

WWW.LVHCPA.COM



## *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, 2017, 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 28, 2017 on our consideration of the Carlstadt Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carlstadt Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt Board of Education's internal control over financial reporting and compliance.

*LERCH, VINCI & HIGGINS, LLP*

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

*DLJ*

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 28, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2017

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, 2017. 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 (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2016-2017 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 \$8,554,287 (net position).
- General revenues accounted for \$11,850,801 or 73 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,313,024 or 27 percent of total revenues of \$16,163,825.
- The School District had \$15,061,251 in expenses; only \$4,313,024 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$11,850,801 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$11,995,957 in revenues and \$11,114,397 in expenditures. The General Fund's fund balance increased by \$881,560 from \$3,664,702 at June 30, 2016 to \$4,546,262 at June 30, 2017.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending balance of \$4,546,262. The combined fund balance increased by \$873,430 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, 2017

**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 2017?" 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, 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, 2017

**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, 2017 and 2016, respectively.

Statement of Net Position  
as of June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current Assets	\$ 4,839,712	\$ 3,782,740	\$ 120,187	\$ 90,501	\$ 4,959,899	\$ 3,873,241
Capital Assets, net of accumulated depreciation	<u>23,060,007</u>	<u>23,524,667</u>	<u>23,583</u>	<u>29,243</u>	<u>23,083,590</u>	<u>23,553,910</u>
<b>Total Assets</b>	<u>27,899,719</u>	<u>27,307,407</u>	<u>143,770</u>	<u>119,744</u>	<u>28,043,489</u>	<u>27,427,151</u>
<b>Deferred Outflows of Resources</b>	<u>1,619,838</u>	<u>1,050,556</u>	<u>-</u>	<u>-</u>	<u>1,619,838</u>	<u>1,050,556</u>
Long-Term liabilities	20,643,963	20,744,354			20,643,963	20,744,354
Other Liabilities	<u>406,848</u>	<u>227,481</u>	<u>23,633</u>	<u>-</u>	<u>430,481</u>	<u>227,481</u>
<b>Total Liabilities</b>	<u>21,050,811</u>	<u>20,971,835</u>	<u>23,633</u>	<u>-</u>	<u>21,074,444</u>	<u>20,971,835</u>
<b>Deferred Inflows of Resources</b>	<u>33,789</u>	<u>53,628</u>	<u>807</u>	<u>531</u>	<u>34,596</u>	<u>54,159</u>
Net Investment in Capital Assets	7,033,392	6,549,520	23,583	29,243	7,056,975	6,578,763
Restricted	3,154,397	2,670,611			3,154,397	2,670,611
Unrestricted	<u>(1,752,832)</u>	<u>(1,887,631)</u>	<u>95,747</u>	<u>89,970</u>	<u>(1,657,085)</u>	<u>(1,797,661)</u>
<b>Total Net Position</b>	<u>\$ 8,434,957</u>	<u>\$ 7,332,500</u>	<u>\$ 119,330</u>	<u>\$ 119,213</u>	<u>\$ 8,554,287</u>	<u>\$ 7,451,713</u>

The District's combined net position as of June 30, 2017 and 2016 were \$8,554,287 and \$7,451,713 respectively.

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2017

The following shows changes in net position for fiscal years ended June 30, 2017 and 2016.

**Change in Net Position  
For The Fiscal Years Ended June 30, 2017 and 2016**

	Governmental		Business-		Total	
	Activities		Type			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 98,738	\$ 106,657	\$ 183,802	\$ 183,292	\$ 282,540	\$ 289,949
Operating Grants and Contributions	3,904,299	3,046,369	126,185	125,512	4,030,484	3,171,881
General Revenues						
Property Taxes	11,805,004	11,610,132			11,805,004	11,610,132
Other	45,569	453,842	228	171	45,797	454,013
<b>Total Revenues</b>	<b><u>15,853,610</u></b>	<b><u>15,217,000</u></b>	<b><u>310,215</u></b>	<b><u>308,975</u></b>	<b><u>16,163,825</u></b>	<b><u>15,525,975</u></b>
<b>Expenses</b>						
Instruction						
Regular	7,011,339	6,472,470			7,011,339	6,472,470
Special Education	2,070,018	1,571,026			2,070,018	1,571,026
Other Instruction	334,511	318,631			334,511	318,631
School Sponsored Activities and Athletics	59,056	49,051			59,056	49,051
Support Services						
Student and Instruction Related Services	1,493,045	1,361,539			1,493,045	1,361,539
School Administrative Services	437,089	384,786			437,089	384,786
General Administrative Services	487,572	472,367			487,572	472,367
Plant Operations and Maintenance	1,598,503	1,808,890			1,598,503	1,808,890
Pupil Transportation	217,035	163,966			217,035	163,966
Business Svcs/Central Services/Admin. Info Tech.	455,254	401,993			455,254	401,993
Interest on Long-Term Debt	587,731	601,477			587,731	601,477
Food Services	-	-	310,098	311,145	310,098	311,145
<b>Total Expenses</b>	<b><u>14,751,153</u></b>	<b><u>13,606,196</u></b>	<b><u>310,098</u></b>	<b><u>311,145</u></b>	<b><u>15,061,251</u></b>	<b><u>13,917,341</u></b>
<b>Change in Net Position</b>	<b>1,102,457</b>	<b>1,610,804</b>	<b>117</b>	<b>(2,170)</b>	<b>1,102,574</b>	<b>1,608,634</b>
<b>Net Position, Beginning of Year</b>	<b><u>7,332,500</u></b>	<b><u>5,721,696</u></b>	<b><u>119,213</u></b>	<b><u>121,383</u></b>	<b><u>7,451,713</u></b>	<b><u>5,843,079</u></b>
<b>Net Position, End of Year</b>	<b><u>\$ 8,434,957</u></b>	<b><u>\$ 7,332,500</u></b>	<b><u>\$ 119,330</u></b>	<b><u>\$ 119,213</u></b>	<b><u>\$ 8,554,287</u></b>	<b><u>\$ 7,451,713</u></b>

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2017

**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 74 percent of revenues for governmental activities for the Carlstadt School District in fiscal year 2017. The District's governmental activities total revenues were \$15,853,610 for the year ended June 30, 2017, an increase of \$636,610 from the previous year. Federal, state, and local grants/aid accounted for 24 percent of revenue. The balance of revenues is charges for services (tuition and rental fees) and miscellaneous income which includes investment earnings.

The total cost of all governmental activities programs and services was \$14,751,153. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$9,474,924 (64%) of total expenses. Student and other support services, exclusive of administration and interest on long-term debt, total \$3,308,583 or (22%) of total expenses. Total administrative expenses of \$1,379,915 accounted for 9% of total expenses. The balance of expenses \$587,731 (5%) relate to interest and other charges on long-term debt. The District's total governmental activities expenses increased \$1,144,957 over the amount of 2015/2016 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 revenues exceeded expenses by \$117.
- 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 \$126,185 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, 2017

**Total and Net Cost of Governmental Activities**

The District's total cost of services was \$14,751,153 for the fiscal year ended June 30, 2017. After applying program revenues derived from charges for services of \$98,738 and operating grants and contributions of \$3,904,299 the net cost of services of the District is \$10,748,116.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2017 and 2016**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction				
Regular	\$ 7,011,339	\$ 6,472,470	\$ 4,271,542	\$ 4,359,247
Special Education	2,070,018	1,571,026	1,183,907	820,714
Other Instruction	334,511	318,631	205,885	222,251
School Sponsored Activities and Athletics	59,056	49,051	38,718	34,782
Support Services				
Student and Instruction Related Services	1,493,045	1,361,539	1,468,701	1,346,767
School Administrative Services	437,089	384,786	316,070	299,097
General Administrative Services	487,572	472,367	487,572	472,367
Plant Operations and Maintenance	1,598,503	1,808,890	1,527,221	1,741,435
Pupil Transportation	217,035	163,966	205,515	153,040
Business Services/Central Svcs./Admin. Info.	455,254	401,993	455,254	401,993
Interest on Long-Term Debt	587,731	601,477	587,731	601,477
<b>Total</b>	<b>\$ 14,751,153</b>	<b>\$ 13,606,196</b>	<b>\$ 10,748,116</b>	<b>\$ 10,453,170</b>

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, 2017

**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 \$4,546,262. For the fiscal year ended June 30, 2016, the fund balance was \$3,672,832.

Revenues for the District's governmental funds were \$13,814,329 while total expenses were \$12,940,899.

**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, 2017 and 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources				
Property Tax Levy	\$ 10,272,696	\$ 10,071,271	\$ 201,425	2%
Interest	16,386	7,605	8,781	115%
State/Federal Sources	1,585,071	1,439,934	145,137	10%
Miscellaneous	<u>121,804</u>	<u>546,681</u>	<u>(424,877)</u>	-78%
Total General Fund Revenues	<u>\$ 11,995,957</u>	<u>\$ 12,065,491</u>	<u>\$ (69,534)</u>	-1%

Total General Fund Revenues decreased by \$69,534 or 1% over the previous year.

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2017

**General Fund (Continued)**

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

State/federal revenues increased \$145,137 or 10% from the previous year largely attributable to a 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 \$8,781 due to higher available bank balances.

Miscellaneous revenues decreased \$424,877 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, 2017 and 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 7,135,900	\$ 6,766,868	\$ 369,032	5%
Support Services	3,809,514	3,896,983	(87,469)	-2%
Capital Outlay	<u>168,983</u>	<u>18,039</u>	<u>150,944</u>	837%
Total Expenditures	<u>\$ 11,114,397</u>	<u>\$ 10,681,890</u>	<u>\$ 432,507</u>	4%

Total General Fund expenditures increased \$432,507 or 4% over the previous year. The increase was attributable to increases in instructional costs and capital outlay expenditures.

In 2016-2017 General Fund revenues exceeded expenses by \$881,560. As a result, total fund balance increased to \$4,546,262 at June 30, 2017. After deducting restrictions and assignments, the unassigned fund balance increased slightly from \$236,057 at June 30, 2016 to \$241,613 at June 30, 2017.

**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 \$286,064, for the year ended June 30, 2017. Federal sources accounted for 94% of the Special Revenue Fund's revenue. The balance \$(15,881) of the revenues come from local donations.

Total Special Revenue Fund revenues increased \$19,894 or 7% from the previous year. Federal sources increased \$4,986 while local sources increased \$14,908.

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2017

**Special Revenue Fund (Continued)**

Expenditures of the Special Revenue Fund were \$286,064. Instructional expenditures were \$266,935 (93%) of total expended for the year ended June 30, 2017. The balance of the expenditures \$19,129 were student and instruction related services.

**Proprietary Funds**

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

**Enterprise Fund** - The District uses an Enterprise Fund to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities. The revenues exceeded the expenses by \$117 resulting in net position of \$119,330 at June 30, 2017 an increase from the balance of \$119,213 at June 30, 2016.

**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, 2017 for its governmental activities amounts to \$23,060,007 (net of accumulated depreciation) and \$23,583 for business-type activities. The capital assets consist of land, construction in progress, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2016-2017 amounted to \$633,643 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, 2017

**CAPITAL ASSETS (Continued)**

**Capital Assets as of June 30, 2017 and 2016  
(Net of Accumulated Depreciation)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Land	\$ 188,036	\$ 188,036		
Construction in Progress	168,983			
Improvements Other Than Building	186,215	204,773		
Building and Building Improvements	22,265,797	22,842,700		
Machinery and Equipment	<u>250,976</u>	<u>289,158</u>	<u>\$ 23,583</u>	<u>\$ 29,243</u>
<b>Total Capital Assets, Net</b>	<b><u>\$ 23,060,007</u></b>	<b><u>\$ 23,524,667</u></b>	<b><u>\$ 23,583</u></b>	<b><u>\$ 29,243</u></b>

Additional information on the District's capital assets is 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 \$88,144, bonds payable (including unamortized premium) of \$16,602,182 and net pension liability of \$3,953,637.

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 2017/2018 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 2017-2018. Budgeted expenditures in the General Fund increased 2 percent to \$11,231,402 in fiscal year 2017-2018.

**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, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,824,722	\$ 73,309	\$ 4,898,031
Receivables, net	50,200	7,496	57,696
Internal Balances	(35,210)	35,210	-
Inventory		4,172	4,172
Capital Assets, Not Being Depreciated	357,019		357,019
Capital Assets, Being Depreciated, Net	<u>22,702,988</u>	<u>23,583</u>	<u>22,726,571</u>
Total Assets	<u>27,899,719</u>	<u>143,770</u>	<u>28,043,489</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	575,567		575,567
Deferred Amounts on Net Pension Liability	<u>1,044,271</u>	<u>-</u>	<u>1,044,271</u>
Total Deferred Outflows of Resources	<u>1,619,838</u>	<u>-</u>	<u>1,619,838</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	285,333	23,633	308,966
Accrued Interest Payable	113,398		113,398
Unearned Revenue	8,117		8,117
Noncurrent Liabilities			
Due Within One Year	878,520		878,520
Due Beyond One Year	<u>19,765,443</u>	<u>-</u>	<u>19,765,443</u>
Total Liabilities	<u>21,050,811</u>	<u>23,633</u>	<u>21,074,444</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenues		807	807
Deferred Amounts on Net Pension Liability	<u>33,789</u>	<u>-</u>	<u>33,789</u>
Total Deferred Inflows of Resources	<u>33,789</u>	<u>807</u>	<u>34,596</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,033,392	23,583	7,056,975
Restricted for			
Capital Projects	2,518,922		2,518,922
Other Purpose - Maintenance	635,475		635,475
Unrestricted	<u>(1,752,832)</u>	<u>95,747</u>	<u>(1,657,085)</u>
Total Net Position	<u>\$ 8,434,957</u>	<u>\$ 119,330</u>	<u>\$ 8,554,287</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, 2017**

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
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 7,011,339	\$ 37,650	\$ 2,702,147		\$ (4,271,542)		\$ (4,271,542)
Special Education	2,070,018	15,135	870,976		(1,183,907)		(1,183,907)
Other Instruction	334,511		128,626		(205,885)		(205,885)
School Sponsored Activities and Athletics	59,056		20,338		(38,718)		(38,718)
Support Services							
Student and Instruction Related Services	1,493,045		24,344		(1,468,701)		(1,468,701)
General Administrative Services	487,572				(487,572)		(487,572)
School Administrative Services	437,089		121,019		(316,070)		(316,070)
Plant Operations and Maintenance	1,598,503	45,953	25,329		(1,527,221)		(1,527,221)
Pupil Transportation	217,035		11,520		(205,515)		(205,515)
Business Services/Central Svces/Admin. Info.	455,254				(455,254)		(455,254)
Interest on Long Term Debt	587,731	-	-	-	(587,731)	-	(587,731)
Total Governmental Activities	14,751,153	98,738	3,904,299	-	(10,748,116)	-	(10,748,116)
<b>Business-Type Activities</b>							
Food Service	310,098	183,802	126,185	-	-	\$ (111)	(111)
Total Business-Type Activities	310,098	183,802	126,185	-	-	(111)	(111)
Total Primary Government	\$ 15,061,251	\$ 282,540	\$ 4,030,484	\$ -	(10,748,116)	(111)	(10,748,227)
<b>General Revenues</b>							
Taxes:							
Property Taxes, levied for general purposes, net					10,272,696		10,272,696
Property Taxes, levied for debt service purposes, net					1,532,308		1,532,308
Unrestricted State Aid					6,117		6,117
Investment Earnings					16,386	228	16,614
Miscellaneous Income					23,066	-	23,066
Total General Revenues					11,850,573	228	11,850,801
Change in Net Position					1,102,457	117	1,102,574
Net Position, Beginning of Year					7,332,500	119,213	7,451,713
Net Position, End of Year					\$ 8,434,957	\$ 119,330	\$ 8,554,287



**FUND FINANCIAL STATEMENTS**

**CARLSTADT BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,824,722			\$ 4,824,722
Due from Other Funds	6,552			6,552
Receivables from Other Governments	17,274	\$ 32,559	-	49,833
	<u>4,848,548</u>	<u>32,559</u>	<u>-</u>	<u>4,881,107</u>
Total Assets	<u>\$ 4,848,548</u>	<u>\$ 32,559</u>	<u>\$ -</u>	<u>\$ 4,881,107</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 267,076	\$ 18,257		\$ 285,333
Due to Other Funds	35,210	6,185		41,395
Unearned Revenue	-	8,117	-	8,117
	<u>302,286</u>	<u>32,559</u>	<u>-</u>	<u>334,845</u>
Total Liabilities	<u>302,286</u>	<u>32,559</u>	<u>-</u>	<u>334,845</u>
<b>Fund Balances</b>				
<b>Restricted Fund Balance</b>				
Excess Surplus-Designated for Subsequent Year's Expenditures (2017/18 Budget)	344,865			344,865
Excess Surplus	382,489			382,489
Capital Reserve	2,518,922			2,518,922
Maintenance Reserve	635,475			635,475
Committed Fund Balance				
Year End Encumbrances	333,035			333,035
Assigned Fund Balance				
Year End Encumbrances	89,863			89,863
Unassigned Fund Balance	241,613	-	-	241,613
	<u>4,546,262</u>	<u>-</u>	<u>-</u>	<u>4,546,262</u>
Total Fund Balances	<u>4,546,262</u>	<u>-</u>	<u>-</u>	<u>4,546,262</u>
Total Liabilities and Fund Balances	<u>\$ 4,848,548</u>	<u>\$ 32,559</u>	<u>\$ -</u>	<u>\$ 4,881,107</u>

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

**CARLSTADT BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017**

**Total Fund Balances (Exhibit B-1)** \$ 4,546,262

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$29,821,136 and the accumulated depreciation is \$6,761,129. 23,060,007

The district has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (113,398)

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. 575,567

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred outflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 1,044,271	
Deferred Inflows of Resources	<u>(33,789)</u>	
		1,010,482

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) (20,643,963)

**Net Position of Governmental Activities (Exhibit A-1)** \$ 8,434,957

**CARLSTADT BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
Property Tax Levy	\$ 10,272,696		\$ 1,532,308	\$ 11,805,004
Tuition	52,785			52,785
Rentals	45,953			45,953
Interest	16,386			16,386
Miscellaneous	23,066	\$ 15,881	-	38,947
Total - Local Sources	<u>10,410,886</u>	<u>15,881</u>	<u>1,532,308</u>	<u>11,959,075</u>
State Sources	1,585,071			1,585,071
Federal Sources	-	270,183	-	270,183
Total Revenues	<u>11,995,957</u>	<u>286,064</u>	<u>1,532,308</u>	<u>13,814,329</u>
<b>EXPENDITURES</b>				
Current				
Regular Instruction	5,165,499	111,660		5,277,159
Special Education Instruction	1,672,488	149,958		1,822,446
Other Instruction	251,647	5,317		256,964
School-Sponsored Activities and Athletics	46,266			46,266
Support Services				
Student and Instruction Related Services	1,357,221	19,129		1,376,350
General Administrative Services	455,924			455,924
School Administrative Services	348,993			348,993
Plant Operations and Maintenance	1,016,119			1,016,119
Pupil Transportation	214,449			214,449
Business Services/Central Svcs/ Admin. Info. Tech.	416,808			416,808
Debt Service				
Principal			835,000	835,000
Interest			705,438	705,438
Capital Outlay	168,983	-	-	168,983
Total Expenditures	<u>11,114,397</u>	<u>286,064</u>	<u>1,540,438</u>	<u>12,940,899</u>
Excess (Deficiency) of Revenues Over Expenditures	881,560	-	(8,130)	873,430
Fund Balance, Beginning of Year	<u>3,664,702</u>	-	8,130	<u>3,672,832</u>
Fund Balance , End of Year	<u>\$ 4,546,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,546,262</u>

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

**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, 2017**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 873,430

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	\$	168,983	
Depreciation Expense		<u>(633,643)</u>	(464,660)

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 Increase in Compensated Absences		(7,532)	
Net Increase in Pension Expense		<u>(251,488)</u>	(259,020)

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			835,000
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Governmental funds report the effect of premiums and 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		188,503	
Amortization of Deferred Amounts on Refunding		<u>(74,971)</u>	113,532

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 expenditure 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>4,175</u>
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<b>Change in Net Position of Governmental Activities (Exhibit A-2)</b>			<b><u>\$ 1,102,457</u></b>
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**CARLSTADT BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2017**

		<b>Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u></b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$	73,309
Intergovernmental Receivable		
State		200
Federal		7,296
Due from Other Funds		35,210
Inventory		<u>4,172</u>
Total Current Assets		<u>120,187</u>
Capital Assets		
Machinery and Equipment		84,900
Less: Accumulated Depreciation		<u>(61,317)</u>
Total Capital Assets, Net		<u>23,583</u>
Total Assets		<u>143,770</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		<u>23,633</u>
Total Current Liabilities		<u>23,633</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Commodities Revenue		<u>807</u>
Total Deferred Inflows of Resources		<u>24,440</u>
<b>NET POSITION</b>		
Investment in Capital Assets		23,583
Unrestricted		<u>95,747</u>
Total Net Position	\$	<u><u>119,330</u></u>

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

**CARLSTADT BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	
Reimbursable Programs- School Lunch Program	\$ 122,156
Non-Reimbursable Programs	55,312
Other Sales - Milk	<u>6,334</u>
 Total Operating Revenues	 <u>183,802</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable Programs	111,547
Cost of Sales - Non-Reimbursable Programs	19,935
Salaries	87,703
Salary - Food Service Manager	19,211
Employee Benefits/Payroll Taxes	10,949
Insurance	13,240
Supplies	4,264
Management Fees	32,314
Depreciation	5,660
Miscellaneous	<u>5,275</u>
 Total Operating Expenses	 <u>310,098</u>
 Operating Loss	 <u>(126,296)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
School Lunch Program	2,824
Federal Sources	
National School Lunch Program	91,107
Food Distribution Program	22,542
National School Breakfast Program	9,712
Interest Earned	<u>228</u>
 Total Nonoperating Revenues	 <u>126,413</u>
 Change in Net Position	 117
Net Position, Beginning of Year	<u>119,213</u>
 Net Position, End of Year	 <u>\$ 119,330</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, 2017**

	<b>Business-Type            Activities  <u>Enterprise Fund</u>  <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 184,201
Cash Payment for Salaries and Benefits	(117,863)
Cash Payments to Suppliers for Goods and Services	<u>(141,636)</u>
Net Cash Used by Operating Activities	<u>(75,298)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>80,494</u>
Net Cash Provided by Noncapital Financing Activities	<u>80,494</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>228</u>
Net Cash Provided by Investing Activities	<u>228</u>
Net Increase in Cash and Cash Equivalents	5,424
Cash and Cash Equivalents, Beginning of Year	<u>67,885</u>
Cash and Cash Equivalents, End of Year	<u>\$ 73,309</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	\$ <u>(126,296)</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)	22,542
Change in Assets, Liabilities and Deferred Inflows of Resources (Increase)/Decrease in Other Accounts Receivable	399
(Increase)/Decrease in Inventory	(1,512)
Increase/(Decrease) in Accounts Payable	23,633
Increase/(Decrease) in Deferred Commodities Revenue	<u>276</u>
Total Adjustments	<u>50,998</u>
Net Cash Used by Operating Activities	<u>\$ (75,298)</u>
<b>Non-Cash Investing, Capital and Financing Activities</b>	
Value Received for Food Distribution Program	\$ 22,818

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, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,041	\$ 14,774	\$ 62,916
Total Assets	<u>10,041</u>	<u>14,774</u>	<u>\$ 62,916</u>
<b>LIABILITIES</b>			
Intergovernmental Payable - State	\$ 10,022		
Due to Other Funds			\$ 367
Payroll Deductions and Withholdings			1,441
Due to Student Groups	<u>-</u>	<u>-</u>	<u>61,108</u>
Total Liabilities	<u>10,022</u>	<u>-</u>	<u>\$ 62,916</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims	.19		
Held in Trust for Private Purpose Scholarships	<u>-</u>	<u>\$ 14,774</u>	
Total Net Position	<u>\$ 19</u>	<u>\$ 14,774</u>	

**CARLSTADT BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 15,646	
District	20,990	
Interest	<u>3</u>	\$ <u>63</u>
Total Additions	<u>36,639</u>	<u>63</u>
<b>DEDUCTIONS</b>		
Unemployment Contributions	<u>36,635</u>	<u>-</u>
Total Deductions	<u>36,635</u>	<u>-</u>
Change in Net Position	4	63
Net Position, Beginning of Year	<u>15</u>	<u>14,711</u>
Net Position, End of Year	<u>\$ 19</u>	<u>\$ 14,774</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, 2017**

**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 2017, the District adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**B. New Accounting Standards (Continued)**

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**C. Basis of Presentation - Financial Statements**

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

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

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, 2017**

**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, rental fees, 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, 2017**

**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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. 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. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**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, 2017

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. Losses resulting from debt refundings 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.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

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

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

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)

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

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

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

**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 Trustees 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.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

**3. *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 2015-2016 and 2016-2017 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 the enterprise fund 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.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$20,643,963 difference are as follows:

Bonds Payable	\$ 15,155,000	
Issuance Premium (to be amortized over life of debt)	<u>1,447,182</u>	\$ 16,602,182
Compensated Absences		88,144
Net Pension Liability		<u>3,953,637</u>
Net Adjustment to Decrease Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities		<u>\$ 20,643,963</u>

**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.

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.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$1,025,494. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$560,200 and \$170,298 from the capital reserve in the general fund on April 18, 2017 and June 5, 2017, respectively. In addition the Board authorized and approved a fund balance appropriation of \$117,414 of prior year general fund extraordinary aid on June 20, 2017.

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

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

**B. 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.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$ 2,027,006
Increased by:		
Interest Earnings	\$ 20	
Deposits Approved by Board Resolution	1,000,000	
Transfer of Unexpended Project Balances from Capital Outlay	<u>222,394</u>	
		<u>1,222,414</u>
		3,249,420
Decreased by:		
Withdrawals Approved by Board Resolution		<u>730,498</u>
Balance, June 30, 2017		<u>\$ 2,518,922</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**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, 2017**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Maintenance Reserve (Continued)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	<u>\$ 635,475</u>
Balance, June 30, 2017	<u>\$ 635,475</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$635,475.

**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, 2017 is \$727,354. Of this amount, \$344,865 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$382,489 will be appropriated in the 2018/2019 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), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$4,985,762 and bank and brokerage firm balances of the Board's deposits amounted to \$5,059,541. 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>5,059,541</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, 2017, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2017 for the district's individual major funds, in the aggregate are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 32,559	\$ 7,296	\$ 39,855
State	\$ 17,274	-	200	17,474
Total Receivables	<u>\$ 17,274</u>	<u>\$ 32,559</u>	<u>\$ 7,496</u>	<u>\$ 57,329</u>

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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	\$ <u>8,117</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>8,117</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2017</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 188,036			\$ 188,036
Construction in Progress	-	\$ 168,983	-	168,983
Total Capital Assets, Not Being Depreciated	<u>188,036</u>	<u>168,983</u>	<u>-</u>	<u>357,019</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	28,098,069			28,098,069
Land Improvements	371,159			371,159
Machinery and Equipment	998,512	-	\$ (3,623)	994,889
Total Capital Assets Being Depreciated	<u>29,467,740</u>	<u>-</u>	<u>(3,623)</u>	<u>29,464,117</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(5,255,369)	(576,903)		(5,832,272)
Land Improvements	(166,386)	(18,558)		(184,944)
Machinery and Equipment	(709,354)	(38,182)	3,623	(743,913)
Total Accumulated Depreciation	<u>(6,131,109)</u>	<u>(633,643)</u>	<u>3,623</u>	<u>(6,761,129)</u>
Total Capital Assets, Being Depreciated, Net	<u>23,336,631</u>	<u>(633,643)</u>	<u>-</u>	<u>22,702,988</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,524,667</u>	<u>\$ (464,660)</u>	<u>\$ -</u>	<u>\$ 23,060,007</u>

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
<b>Business-Type Activities:</b>				
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	(55,657)	\$ (5,660)	-	(61,317)
Total Accumulated Depreciation	<u>(55,657)</u>	<u>(5,660)</u>	<u>-</u>	<u>(61,317)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,243</u>	<u>(5,660)</u>	<u>-</u>	<u>23,583</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,243</u>	<u>\$ (5,660)</u>	<u>\$ -</u>	<u>\$ 23,583</u>

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

<b>Governmental Activities:</b>	
Instruction	
Regular	\$ 101,383
Total Instruction	<u>101,383</u>
Support Services	
Plant Operations and Maintenance	532,260
Total Support Services	<u>532,260</u>
Total Governmental Funds	<u>633,643</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 633,643</u>
<b>Business-Type Activities:</b>	
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, 2017**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Remaining Commitment</u>
Brick Replacement Project	\$ 376,404
Roof Repair Project	<u>56,000</u>
Total	<u>\$ 432,404</u>

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

The composition of interfund balances as of June 30, 2017, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 6,185
General Fund	Payroll Agency Fund	367
Food Service Fund	General Fund	<u>35,210</u>
Total		<u>\$ 41,762</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund to cover cash balances which were in an overdraft position.

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

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities 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, 2017 are comprised of the following issues:

\$17,075,000, 2014 Bonds, due in annual  
 installments of \$865,000 to \$1,490,000  
 through May 1, 2030, interest at 3.125% to 5.000% \$15,155,000

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

**Governmental Activities:**

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
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	1,050,000	503,538	1,553,538
2023-2027	6,080,000	1,676,938	7,756,938
2028-2030	<u>4,315,000</u>	<u>337,035</u>	<u>4,652,035</u>
Total	<u>\$ 15,155,000</u>	<u>\$ 4,997,763</u>	<u>\$ 20,152,763</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 65,366,381
Less: Net Debt	<u>15,155,000</u>
Remaining Borrowing Power	<u>\$ 50,211,381</u>

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 1, 2016	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2017	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 15,990,000		\$ 835,000	\$ 15,155,000	\$ 865,000
Original Issue Premium	<u>1,635,685</u>	-	<u>188,503</u>	<u>1,447,182</u>	-
Total Bonds Payable	17,625,685	-	1,023,503	16,602,182	865,000
Compensated Absences	80,612	\$ 7,532		88,144	13,250
Net Pension Liability	<u>3,038,057</u>	<u>1,034,172</u>	<u>118,592</u>	<u>3,953,637</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 20,744,354</u>	<u>\$ 1,041,704</u>	<u>\$ 1,142,095</u>	<u>\$ 20,643,963</u>	<u>\$ 878,250</u>

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) or "Group". 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 coverages.

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

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 Group are on file with the School's Business Administrator.

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "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</u> <u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 20,990	\$ 15,646	\$ 36,635	\$ 19
2016	20,931	15,041	35,979	15
2015	20,043	14,790	34,833	17

**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, 2017, 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, 2017, 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, 2017**

**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](http://www.state.nj.us/treasury/pensions).

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 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, 2017**

**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 7.06% for PERS, 7.06% 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, 2017 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, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively 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>
2017	\$ 118,592	\$ 484,685	\$ 7,562
2016	116,354	341,886	4,609
2015	111,504	236,523	4,399

In addition for fiscal year 2016/2017 the District contributed \$461 for PERS and the State contributed \$354 for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB 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 \$314,533 during the fiscal year ended June 30, 2017 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  
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**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, 2017, the District reported in the statement of net position (accrual basis) a liability of \$3,953,637 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportionate share was .01335 percent, which was a decrease of .00018 percent from its proportionate share measured as of June 30, 2015 of .01353 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$370,080 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 73,526	
Changes of Assumptions	818,982	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	150,756	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,007</u>	<u>\$ 33,789</u>
<b>Total</b>	<b><u>\$ 1,044,271</u></b>	<b><u>\$ 33,789</u></b>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 227,525
2019	227,525
2020	265,254
2021	221,701
2022	<u>68,477</u>
	<b><u>\$ 1,010,482</u></b>

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**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 District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2034

Municipal Bond Rate \*    From July 1, 2034  
    and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.98%, 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	<b>1% Decrease <u>(2.98%)</u></b>	<b>Current Discount Rate <u>(3.98%)</u></b>	<b>1% Increase <u>(4.98%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,844,721</u>	<u>\$ 3,953,637</u>	<u>\$ 3,217,970</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. 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](http://www.state.nj.us/treasury/pensions).

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,523,966 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$33,591,929. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .0427 percent, which was a decrease of .00105 percent from its proportionate share measured as of June 30, 2015 of .04375 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.



**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22%, 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<b>1% Decrease (<u>2.22%</u>)</b>	<b>Current Discount Rate (<u>3.22%</u>)</b>	<b>1% Increase (<u>4.22%</u>)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 40,116,270</u>	<u>\$ 33,591,929</u>	<u>\$ 28,263,962</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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](http://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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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](http://www.state.nj.us/treasury/pensions).

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$403,853, \$407,091 and \$375,481, 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.

**F. Tax Abatements**

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 10,272,696		\$ 10,272,696	\$ 10,272,696	
Tuition from Individuals (Preschool)	30,000		30,000	37,650	\$ 7,650
Tuition from Other LEA's				15,135	15,135
Interest				16,366	16,366
Interest on Capital Reserve Funds	20		20	20	-
Rentals	40,000		40,000	45,953	5,953
Unrestricted Miscellaneous	10,000	-	10,000	23,066	13,066
<b>Total Local Sources</b>	<u>10,352,716</u>	<u>-</u>	<u>10,352,716</u>	<u>10,410,886</u>	<u>58,170</u>
State Sources					
Transportation Aid	11,303		11,303	11,303	
Security Aid	24,947		24,947	24,947	
Special Education Aid	205,076		205,076	205,076	
Per Pupil Growth Aid	5,980		5,980	5,980	
PARCC Readiness Aid	5,980		5,980	5,980	
Professional Learning Community Aid	5,390		5,390	5,390	
Extraordinary Aid				132,903	132,903
On-behalf TPAF Pension System Contributions-Normal Costs & Accrued Liabilities (Non-Budget)				467,738	467,738
On-behalf TPAF Pension System Contributions-NCGI (Non-Budget)				16,947	16,947
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				403,853	403,853
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				354	354
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	314,533	314,533
<b>Total State Sources</b>	<u>258,676</u>	<u>-</u>	<u>258,676</u>	<u>1,595,004</u>	<u>1,336,328</u>
<b>Total Revenues</b>	<u>10,611,392</u>	<u>-</u>	<u>10,611,392</u>	<u>12,005,890</u>	<u>1,394,498</u>
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	121,777	\$ 1,620	123,397	79,698	43,699
Kindergarten	250,411	50	250,461	250,286	175
Grades 1-5	1,647,106	28,335	1,675,441	1,587,739	87,702
Grades 6-8	984,404	4,000	988,404	945,368	43,036
Regular Program - Home Instruction					
Salaries of Teachers	5,381	-	5,381	-	5,381
Purchased Professional-Educational Services	10,000	(7,505)	2,495	-	2,495
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	332,337	(33,110)	299,227	296,157	3,070
Purchased Professional-Educational Services	47,250	-	47,250	46,375	875
General Supplies	166,000	52,656	218,656	206,550	12,106
Textbooks	10,000	(733)	9,267	2,230	7,037
<b>Total Regular Programs</b>	<u>3,574,666</u>	<u>45,313</u>	<u>3,619,979</u>	<u>3,414,403</u>	<u>205,576</u>



**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Salaries of Teachers	\$ 201,488	\$ (201,488)	-	-	-
Other Salaries for Instruction	23,719	(23,719)	-	-	-
Total Multiple Disabilities	<u>225,207</u>	<u>(225,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resource Room/ Resource Center					
Salaries of Teachers	184,802	204,158	\$ 388,960	\$ 384,170	\$ 4,790
Other Salaries for Instruction	-	23,719	23,719	22,788	931
Total Resource Room	<u>184,802</u>	<u>227,877</u>	<u>412,679</u>	<u>406,958</u>	<u>5,721</u>
Autism					
Salaries of Teachers	65,594	(65,594)	-	-	-
Total Autism	<u>65,594</u>	<u>(65,594)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Preschool Disabilities - Full Time					
Salaries of Teachers		64,684	64,684	53,429	11,255
Other Salaries for Instruction		43,640	43,640	43,640	-
General Supplies	-	452	452	452	-
Total Preschool Disabilities - Full Time	<u>-</u>	<u>108,776</u>	<u>108,776</u>	<u>97,521</u>	<u>11,255</u>
Total Special Education	<u>475,603</u>	<u>45,852</u>	<u>521,455</u>	<u>504,479</u>	<u>16,976</u>
Basic Skills/Remedial					
Salaries of Teachers	104,702	-	104,702	95,487	9,215
Total Basic Skills/Remedial	<u>104,702</u>	<u>-</u>	<u>104,702</u>	<u>95,487</u>	<u>9,215</u>
Bilingual Education					
Salaries of Teachers	60,091	-	60,091	55,251	4,840
Total Bilingual Education	<u>60,091</u>	<u>-</u>	<u>60,091</u>	<u>55,251</u>	<u>4,840</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	17,500	7,470	24,970	24,862	108
Supplies and Materials	8,000	-	8,000	7,624	376
Total School Sponsored Co/Extra Curricular Activities	<u>25,500</u>	<u>7,470</u>	<u>32,970</u>	<u>32,486</u>	<u>484</u>
Total Instruction	<u>4,240,562</u>	<u>98,635</u>	<u>4,339,197</u>	<u>4,102,106</u>	<u>237,091</u>
Instruction					
Tuition to Other LEAs Within the State-Special	465,902	227,697	693,599	693,599	-
Tuition to CSSD & Regional Day Schools	80,136	53,861	133,997	132,508	1,489
Tuition to Priv. Sch. For the Disabled W/I State	295,677	(213,863)	81,814	75,163	6,651
Total Undistributed Expenditures - Instruction	<u>841,715</u>	<u>67,695</u>	<u>909,410</u>	<u>901,270</u>	<u>8,140</u>

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 32,861	-	\$ 32,861	\$ 32,861	-
Purchased Professional and Technical Services	11,400	\$ 314	11,714	11,714	-
Total Attendance and Social Work Services	44,261	314	44,575	44,575	-
Health Services					
Salaries	105,740	-	105,740	102,918	\$ 2,822
Purchased Professional and Technical Services	4,500	(314)	4,186	4,000	186
Supplies and Materials	2,000	-	2,000	1,002	998
Total Health Services	112,240	(314)	111,926	107,920	4,006
Speech, OT, PT & Related Services					
Salaries	68,345	2,490	70,835	70,835	-
Purchased Professional-Educational Services	396,799	(50,362)	346,437	183,118	163,319
Supplies and Materials	500	302	802	802	-
Total Speech, OT, PT & Related Services	465,644	(47,570)	418,074	254,755	163,319
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	60,091	-	60,091	60,091	-
Purchased Professional-Educational Services		2,570	2,570	2,570	-
Supplies and Materials	2,630	73	2,703	2,633	70
Total Guidance	62,721	2,643	65,364	65,294	70
Child Study Teams					
Salaries of Other Professional Staff	356,194	-	356,194	349,602	6,592
Purchased Professional-Educational Services	18,850	(2,570)	16,280	6,627	9,653
Other Purchased Services	500	-	500	-	500
Supplies and Materials	2,500	-	2,500	2,115	385
Other Objects	4,820	-	4,820	1,119	3,701
Total Child Study Teams	382,864	(2,570)	380,294	359,463	20,831
Improvement of Instructional Services					
Salaries of Other Professional Staff	73,959	16,041	90,000	90,000	-
Purchased Professional-Educational Services	60,000	(4,380)	55,620	-	55,620
Other Purchased Services	1,000	-	1,000	644	356
Other Objects	1,000	1,074	2,074	2,074	-
Total Improvement of Instructional Services	135,959	12,735	148,694	92,718	55,976

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 115,346	\$ 2,947	\$ 118,293	\$ 118,293	-
Supplies and Materials	5,000	(682)	4,318	1,352	\$ 2,966
Total Educational Media Serv./School Library	<u>120,346</u>	<u>2,265</u>	<u>122,611</u>	<u>119,645</u>	<u>2,966</u>
Instructional Staff Training Services					
Other Purch. Professional and Technical Services	1,500	-	1,500	-	1,500
Other Purchased Services	2,000	-	2,000	1,765	235
Total Instructional Staff Training Services	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>1,765</u>	<u>1,735</u>
Support Services General Administration					
Salaries	243,577	1,368	244,945	223,635	21,310
Legal Services	30,000	(2,194)	27,806	17,828	9,978
Audit Fees	25,000	809	25,809	25,809	-
Architectural/Engineering Services	5,000	6,171	11,171	-	11,171
Other Purchased Professional Services	8,500	-	8,500	8,415	85
Purchased Technical Services	4,300	(102)	4,198	750	3,448
Communications/Telephone	29,400	119	29,519	28,352	1,167
BOE Other Purchased Services	5,500	(1,000)	4,500	3,066	1,434
Misc Purchased Services	1,000	747	1,747	744	1,003
General Supplies	3,600	-	3,600	1,472	2,128
Miscellaneous Expenditures	2,500	253	2,753	2,753	-
BOE Membership Dues and Fees	8,500	-	8,500	5,971	2,529
Total Support Services General Administration	<u>366,877</u>	<u>6,171</u>	<u>373,048</u>	<u>318,795</u>	<u>54,253</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	146,095	1,844	147,939	147,939	-
Salaries of Secretarial and Clerical Assistants	83,346	1,371	84,717	84,717	-
Other Purchased Services	1,000	18	1,018	1,018	-
Supplies and Materials	7,200	-	7,200	440	6,760
Other Objects	5,800	(3,232)	2,568	920	1,648
Total Support Services School Administration	<u>243,441</u>	<u>1</u>	<u>243,442</u>	<u>235,034</u>	<u>8,408</u>
Central Services					
Salaries	200,115	1,554	201,669	201,669	-
Miscellaneous Purchased Services	1,700	86	1,786	1,381	405
Supplies and Materials	1,000	-	1,000	970	30
Miscellaneous Expenditures	2,000	463	2,463	2,443	20
Total Central Services	<u>204,815</u>	<u>2,103</u>	<u>206,918</u>	<u>206,463</u>	<u>455</u>

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 64,714	\$ 5,286	\$ 70,000	\$ 70,000	-
Purchased Professional Services	34,000	-	34,000	34,000	-
Purchased Technical Services	7,500	(927)	6,573	1,857	\$ 4,716
Other Purchased Services	400	464	864	864	-
Supplies and Material	300	(280)	20	-	20
Other Objects	550	280	830	1,135	(305)
<b>Total Admin. Info. Technology</b>	<u>107,464</u>	<u>4,823</u>	<u>112,287</u>	<u>107,856</u>	<u>4,431</u>
Required Maintenance for School Facilities					
Salaries	72,159	-	72,159	72,158	1
Cleaning, Repair and Maint. Serv.	45,000	10,161	55,161	54,797	364
General Supplies	18,000	5,116	23,116	23,116	-
<b>Total Required Maintenance for School Fac.</b>	<u>135,159</u>	<u>15,277</u>	<u>150,436</u>	<u>150,071</u>	<u>365</u>
Custodial Services					
Salaries	228,276	15,420	243,696	235,108	8,588
Salaries of Non-Instructional Aides	61,151	(4,916)	56,235	46,925	9,310
Purchased Professional and Technical Services	20,000	(1,134)	18,866	11,074	7,792
Cleaning, Repair and Maint. Serv.	17,450	27,000	44,450	36,271	8,179
Other Purchased Property Services	55,000	(17,971)	37,029	33,465	3,564
Insurance	100,000	2,551	102,551	102,551	-
Miscellaneous Purchased Services	31,000	(27,000)	4,000	3,591	409
General Supplies	20,000	(8,108)	11,892	3,984	7,908
Energy (Electricity)	320,000	-	320,000	191,767	128,233
Energy (Natural Gas)	40,000	4,037	44,037	33,674	10,363
Other Objects	4,000	-	4,000	2,242	1,758
<b>Total Custodial Services</b>	<u>896,877</u>	<u>(10,121)</u>	<u>886,756</u>	<u>700,652</u>	<u>186,104</u>
Security					
Cleaning, Repair, and Maintenance Services	10,000	21,775	31,775	31,775	-
<b>Total Security</b>	<u>10,000</u>	<u>21,775</u>	<u>31,775</u>	<u>31,775</u>	<u>-</u>
Student Transportation Services					
Salaries For Pupil Trans (Bet Home & Sch)-Sp Ed	17,874	396	18,270	18,270	-
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	180,500	22,997	203,497	189,287	14,210
<b>Total Student Transportation Services</b>	<u>198,374</u>	<u>23,393</u>	<u>221,767</u>	<u>207,557</u>	<u>14,210</u>

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Group Insurance	\$ 10,000	-	\$ 10,000	\$ 2,599	\$ 7,401
Social Security Contributions	107,500	\$ 7,109	114,609	114,609	-
Other Retirement Contributions-PERS	126,000	-	126,000	119,053	6,947
Other Retirement Contributions - Regular (DCRP)	5,000	2,562	7,562	7,562	-
Unemployment Compensation	27,500	-	27,500	21,233	6,267
Workmen's Compensation	67,500	-	67,500	38,996	28,504
Health Benefits	1,762,876	(55,753)	1,707,123	1,293,438	413,685
Tuition Reimbursement	15,000	4,500	19,500	19,500	-
Other Employee Benefits	51,000	23,454	74,454	47,166	27,288
	<u>2,172,376</u>	<u>(18,128)</u>	<u>2,154,248</u>	<u>1,664,156</u>	<u>490,092</u>
On-behalf TPAF Pension System Contributions- Normal Costs & Accrued Liability (Non-Budget)				467,738	(467,738)
On-behalf TPAF Pension System Contributions-NCGI Cost (Non-Budget)				16,947	(16,947)
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				403,853	(403,853)
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				354	(354)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	314,533	(314,533)
	<u>6,509,133</u>	<u>80,492</u>	<u>6,589,625</u>	<u>6,773,189</u>	<u>(183,564)</u>
Total Undistributed Expenditures	<u>6,509,133</u>	<u>80,492</u>	<u>6,589,625</u>	<u>6,773,189</u>	<u>(183,564)</u>
Total Expenditures - Current Expenditures	<u>10,749,695</u>	<u>179,127</u>	<u>10,928,822</u>	<u>10,875,295</u>	<u>53,527</u>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve					
	<u>20</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>20</u>
Equipment					
Undistributed Expenditures-Instruction	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Equipment	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Facilities Acquisition and Construction Services					
Legal Services	50,000	14,721	64,721	16,569	48,152
Architectural/Engineering Services	-	75,700	75,700	49,614	26,086
Other Purchased Prof. and Tech. Services	-	17,200	17,200	-	17,200
Construction Services	50,000	637,598	687,598	119,369	568,229
Assessment for Debt Service on SDA Funding	36,191	-	36,191	36,191	-
	<u>136,191</u>	<u>745,219</u>	<u>881,410</u>	<u>221,743</u>	<u>659,667</u>
Total Facilities Acquisition and Construction Services	<u>136,191</u>	<u>745,219</u>	<u>881,410</u>	<u>221,743</u>	<u>659,667</u>
Total Capital Outlay	<u>156,211</u>	<u>745,219</u>	<u>901,430</u>	<u>221,743</u>	<u>679,687</u>

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>TRANSFER OF FUNDS TO CHARTER SCHOOL</b>	\$ 50,351	-	\$ 50,351	\$ 17,359	\$ 32,992
Total Expenditures	10,956,257	\$ 924,346	11,880,603	11,114,397	766,206
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(344,865)	(924,346)	(1,269,211)	891,493	2,160,704
Fund Balance, Beginning of Year	3,796,059	-	3,796,059	3,796,059	-
Fund Balance, End of Year	<u>\$ 3,451,194</u>	<u>\$ (924,346)</u>	<u>\$ 2,526,848</u>	<u>\$ 4,687,552</u>	<u>\$ 2,160,704</u>

**Recapitulation of Fund Balance**

Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's Expenditures (2017/18 Budget)				\$ 344,865	
Excess Surplus				382,489	
Capital Reserve				2,518,922	
Maintenance Reserve				635,475	
Committed Fund Balance					
Year-End Encumbrances				333,035	
Assigned Fund Balance					
Year-End Encumbrances				89,863	
Unassigned Fund Balance				<u>382,903</u>	
Reconciliation to Governmental Funds Statements (GAAP):				4,687,552	
Less: Final State Aid Payments Not Recognized on GAAP Basis					
Less: 2016/2017 Extraordinary Aid not Recognized in a GAAP Basis			\$ (132,903)		
2016/2017 State Aid Payments not Recognized in a GAAP Basis			<u>(8,387)</u>		
				<u>(141,290)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 4,546,262</u>	

**CARLSTADT BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 205,428	\$ 77,349	\$ 282,777	\$ 270,183	\$ (12,594)
Local Sources					
Miscellaneous	-	23,799	23,799	15,881	(7,918)
Total Revenues	<u>205,428</u>	<u>101,148</u>	<u>306,576</u>	<u>286,064</u>	<u>(20,512)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	76,784	2,523	79,307	79,026	281
Tuition	110,768	39,190	149,958	149,958	-
General Supplies	6,743	26,618	33,361	20,400	12,961
Other Objects	-	600	600	-	600
Total Instruction	<u>194,295</u>	<u>68,931</u>	<u>263,226</u>	<u>249,384</u>	<u>13,842</u>
Support Services					
Purchased Professional and Technical Services	-	10,363	10,363	5,200	5,163
Purchased Professional-Educational Services	11,133	3,828	14,961	13,929	1,032
Personal Services-Employee Benefits	-	17,551	17,551	17,551	-
Supplies and Materials	-	13	13	-	13
Other Objects	-	462	462	-	462
Total Support Services	<u>11,133</u>	<u>32,217</u>	<u>43,350</u>	<u>36,680</u>	<u>6,670</u>
Total Expenditures	<u>205,428</u>	<u>101,148</u>	<u>306,576</u>	<u>286,064</u>	<u>20,512</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, 2017**

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.

	<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 12,005,890	(C-2) \$	286,064
Difference - Budget to GAAP:			
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2015/2016) State Aid and Extraordinary Aid)	131,357		
State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2016/2017) State Aid and Extraordinary Aid)	<u>(141,290)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>11,995,957</u>	(B-2) \$	<u>286,064</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>11,114,397</u>	(C-2) \$	<u>286,064</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>11,114,397</u>	(B-2) \$	<u>286,064</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 Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01335%	0.01353%	0.01353%	0.01356%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,953,637</u>	<u>\$ 3,038,057</u>	<u>\$2,532,383</u>	<u>\$ 2,591,970</u>
District's Covered-Employee Payroll	\$ 889,505	\$ 896,630	\$ 842,069	\$ 936,288
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	444.48%	338.83%	300.73%	276.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

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

**Public Employees Retirement System**

**Last Four Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 118,592	\$ 116,354	\$ 111,504	\$ 102,187
Contributions in Relation to the Contractually Required Contribution	<u>118,592</u>	<u>116,354</u>	<u>111,504</u>	<u>102,187</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 889,505	\$ 896,630	\$ 842,069	\$ 936,288
Contributions as a Percentage of Covered-Employee Payroll	13.33%	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 Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$33,591,929</u>	<u>\$27,651,224</u>	<u>\$24,571,061</u>	<u>\$ 21,570,040</u>
<b>Total</b>	<u>\$33,591,929</u>	<u>\$27,651,224</u>	<u>\$24,571,061</u>	<u>\$ 21,570,040</u>
District's Covered-Employee Payroll	\$ 4,294,039	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

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

**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, 2017**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**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, 2017**

	<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>
<b>REVENUES</b>							
Intergovernmental							
Local				\$ 15,881			\$ 15,881
Federal	\$ 100,979	\$ 13,294	\$ 5,952	-	\$ 143,384	\$ 6,574	\$ 270,183
<b>Total Revenues</b>	<u>\$ 100,979</u>	<u>\$ 13,294</u>	<u>\$ 5,952</u>	<u>\$ 15,881</u>	<u>\$ 143,384</u>	<u>\$ 6,574</u>	<u>\$ 286,064</u>
<b>EXPENDITURES</b>							
Instruction							
Salaries of Teachers	\$ 76,306		\$ 2,720				\$ 79,026
Tuition - Other Purchased Services					\$ 143,384	\$ 6,574	149,958
General Supplies	1,922	-	2,597	\$ 15,881	-	-	20,400
<b>Total Instruction</b>	<u>78,228</u>	<u>-</u>	<u>5,317</u>	<u>15,881</u>	<u>143,384</u>	<u>6,574</u>	<u>249,384</u>
Support Services							
Purchased Professional and Technical Services	5,200						5,200
Purchased Professional-Education Services		\$ 13,294	635				13,929
Personal Services - Employee Benefits	17,551	-	-	-	-	-	17,551
<b>Total Support Services</b>	<u>22,751</u>	<u>13,294</u>	<u>635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,680</u>
<b>Total Expenditures</b>	<u>\$ 100,979</u>	<u>\$ 13,294</u>	<u>\$ 5,952</u>	<u>\$ 15,881</u>	<u>\$ 143,384</u>	<u>\$ 6,574</u>	<u>\$ 286,064</u>

**SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**CARLSTADT BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**EXHIBIT G-1**

**CARLSTADT BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 61,108	\$ 1,808	\$ 62,916
Total Assets	<u>\$ 61,108</u>	<u>\$ 1,808</u>	<u>\$ 62,916</u>
<b>LIABILITIES</b>			
Due to Other Funds		\$ 367	\$ 367
Payroll Deductions and Withholdings		1,441	1,441
Due to Student Groups	<u>\$ 61,108</u>	<u>-</u>	<u>61,108</u>
Total Liabilities	<u>\$ 61,108</u>	<u>\$ 1,808</u>	<u>\$ 62,916</u>



**CARLSTADT BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

	<u>Balance, July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2017</u>
ELEMENTARY/MIDDLE SCHOOL				
Carlstadt School Fund	\$ 51,110	\$ 67,001	\$ 57,003	\$ 61,108
Total	<u>\$ 51,110</u>	<u>\$ 67,001</u>	<u>\$ 57,003</u>	<u>\$ 61,108</u>

**CARLSTADT BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Balance, June 30, <u>2016</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2017</u></b>
<b>ASSETS</b>				
Cash	\$ 4,561	\$ 6,495,114	\$ 6,497,867	\$ 1,808
Total Assets	<u>\$ 4,561</u>	<u>\$ 6,495,114</u>	<u>\$ 6,497,867</u>	<u>\$ 1,808</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 4,260	\$ 3,081,323	\$ 3,084,142	\$ 1,441
Accrued Salaries and Wages		3,413,424	3,413,424	
Due to Other Funds	<u>301</u>	<u>367</u>	<u>301</u>	<u>367</u>
Total Liabilities	<u>\$ 4,561</u>	<u>\$ 6,495,114</u>	<u>\$ 6,497,867</u>	<u>\$ 1,808</u>

**LONG-TERM DEBT**

**CARLSTADT BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<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, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>				
2014 Refunding Bonds	8/15/2014	\$ 17,075,000	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	<u>\$ 15,990,000</u>	<u>\$ 835,000</u>	<u>\$ 15,155,000</u>
						<u>Totals</u>	<u>\$ 835,000</u>	<u>\$ 15,155,000</u>
							<u>Paid by Budget Appropriation</u>	<u>\$ 835,000</u>

**CARLSTADT BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**

**CARLSTADT BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>REVENUES</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Local Sources					
Local Tax Levy	\$ 1,532,308	-	\$ 1,532,308	\$ 1,532,308	-
 Total Revenues	<u>1,532,308</u>	<u>-</u>	<u>1,532,308</u>	<u>1,532,308</u>	<u>-</u>
 <b>EXPENDITURES</b>					
Regular Debt Service					
Principal	835,000	-	835,000	835,000	
Interest	705,438	-	705,438	705,438	-
 Total Expenditures	<u>1,540,438</u>	<u>-</u>	<u>1,540,438</u>	<u>1,540,438</u>	<u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,130)	-	(8,130)	(8,130)	-
 Fund Balance, Beginning of Year	<u>8,130</u>	<u>-</u>	<u>8,130</u>	<u>8,130</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 7,033,392
Restricted	16,122	16,522	12,122	12,998	242,998	418,012	738,032	1,316,867	2,670,611	3,154,397
Unrestricted	102,678	(92,680)	(158,324)	342,738	225,134	406,502	(1,817,336)	(1,849,334)	(1,887,631)	(1,752,832)
<b>Total Governmental Activities Net Position</b>	<b>\$ 5,503,644</b>	<b>\$ 5,116,725</b>	<b>\$ 5,154,774</b>	<b>\$ 5,600,411</b>	<b>\$ 5,930,066</b>	<b>\$ 6,481,335</b>	<b>\$ 4,751,886</b>	<b>\$ 5,721,696</b>	<b>\$ 7,332,500</b>	<b>\$ 8,434,957</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 85,206	\$ 78,603	\$ 63,203	\$ 57,543	\$ 51,883	\$ 46,223	\$ 40,563	\$ 34,903	\$ 29,243	\$ 23,583
Unrestricted	9,102	14,230	35,691	58,210	86,115	60,525	80,367	86,480	89,970	95,747
<b>Total Business-Type Activities Net Position</b>	<b>\$ 94,308</b>	<b>\$ 92,833</b>	<b>\$ 98,894</b>	<b>\$ 115,753</b>	<b>\$ 137,998</b>	<b>\$ 106,748</b>	<b>\$ 120,930</b>	<b>\$ 121,383</b>	<b>\$ 119,213</b>	<b>\$ 119,330</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 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	\$ 7,056,975
Restricted	16,122	16,522	12,122	12,998	242,998	418,012	738,032	1,316,867	2,670,611	3,154,397
Unrestricted	111,780	(78,450)	(122,633)	400,948	311,249	467,027	(1,736,969)	(1,762,854)	(1,797,661)	(1,657,085)
<b>Total District Net Position</b>	<b>\$ 5,597,952</b>	<b>\$ 5,209,558</b>	<b>\$ 5,253,668</b>	<b>\$ 5,716,164</b>	<b>\$ 6,068,064</b>	<b>\$ 6,588,083</b>	<b>\$ 4,872,816</b>	<b>\$ 5,843,079</b>	<b>\$ 7,451,713</b>	<b>\$ 8,554,287</b>

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)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 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	\$ 7,011,339
Special Education	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	2,070,018
Other Instruction	259,117	430,879	233,466	114,477	312,235	252,509	317,366	313,678	318,631	334,511
School Sponsored Activities and Athletics	18,426	23,320	26,782	24,084	19,583	26,917	32,106	39,603	49,051	59,056
Community Service Programs			40,000							
Support Services:										
Student & Instruction Related Services	822,097	793,598	1,140,575	1,061,883	979,154	1,072,946	1,188,084	1,358,375	1,361,539	1,493,045
School Administrative Services	293,758	414,706	342,746	317,607	321,801	329,949	313,240	363,485	384,786	437,089
General Administration	306,511	360,938	351,870	404,109	433,145	438,073	526,629	788,610	472,367	487,572
Plant Operations and Maintenance	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	1,598,503
Pupil Transportation	253,191	199,963	199,780	194,250	181,371	125,624	157,626	201,727	163,966	217,035
Business/Central Svc./Admin. Info.	434,574	243,635	457,726	454,975	409,172	395,054	407,947	406,950	401,993	455,254
Interest on Long-Term Debt	1,031,721	1,011,375	985,125	957,124	927,873	896,602	865,379	449,932	601,477	587,731
<b>Total Governmental Activities Expenses</b>	<b>11,192,786</b>	<b>11,357,470</b>	<b>11,445,125</b>	<b>11,042,800</b>	<b>11,607,294</b>	<b>11,742,914</b>	<b>11,791,710</b>	<b>13,174,286</b>	<b>13,606,196</b>	<b>14,751,153</b>
<b>Business-Type Activities:</b>										
Food service	246,905	250,371	245,682	258,326	285,404	348,993	297,155	291,652	311,145	310,098
<b>Total Business-Type Activities Expense</b>	<b>246,905</b>	<b>250,371</b>	<b>245,682</b>	<b>258,326</b>	<b>285,404</b>	<b>348,993</b>	<b>297,155</b>	<b>291,652</b>	<b>311,145</b>	<b>310,098</b>
<b>Total District Expenses</b>	<b>\$ 11,439,691</b>	<b>\$ 11,607,841</b>	<b>\$ 11,690,807</b>	<b>\$ 11,301,126</b>	<b>\$ 11,892,698</b>	<b>\$ 12,091,907</b>	<b>\$ 12,088,865</b>	<b>\$ 13,465,938</b>	<b>\$ 13,917,341</b>	<b>\$ 15,061,251</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 106,000	\$ 43,876	\$ 55,601	\$ 106,667	\$ 39,400	\$ 48,375	\$ 73,600	\$ 80,050	\$ 106,657	\$ 98,738
Operating Grants and Contributions	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	3,904,299
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>1,487,938</b>	<b>1,282,851</b>	<b>\$ 1,442,207</b>	<b>\$ 1,044,458</b>	<b>\$ 1,296,655</b>	<b>\$ 1,506,273</b>	<b>\$ 1,518,547</b>	<b>\$ 2,689,840</b>	<b>\$ 3,153,026</b>	<b>\$ 4,003,037</b>
<b>Business-Type Activities:</b>										
Charges for services										
Food Service	\$ 192,726	\$ 191,060	\$ 187,389	\$ 195,964	\$ 207,542	\$ 202,079	\$ 190,108	\$ 176,503	\$ 183,292	\$ 183,802
Operating Grants and Contributions	46,071	57,669	74,082	79,198	100,089	115,494	121,100	115,453	125,512	126,185
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>238,797</b>	<b>248,729</b>	<b>261,471</b>	<b>275,162</b>	<b>307,631</b>	<b>317,573</b>	<b>311,208</b>	<b>291,956</b>	<b>308,804</b>	<b>309,987</b>
<b>Total District Program Revenues</b>	<b>\$ 1,726,735</b>	<b>\$ 1,531,580</b>	<b>\$ 1,703,678</b>	<b>\$ 1,319,620</b>	<b>\$ 1,604,286</b>	<b>\$ 1,823,846</b>	<b>\$ 1,829,755</b>	<b>\$ 2,981,796</b>	<b>\$ 3,461,830</b>	<b>\$ 4,313,024</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	<b>\$ (9,704,848)</b>	<b>\$ (10,074,619)</b>	<b>\$ (10,002,918)</b>	<b>\$ (9,998,342)</b>	<b>\$ (10,310,639)</b>	<b>\$ (10,236,641)</b>	<b>\$ (10,273,163)</b>	<b>\$ (10,484,446)</b>	<b>\$ (10,453,170)</b>	<b>\$ (10,748,116)</b>
<b>Business-Type Activities</b>	<b>(8,108)</b>	<b>(1,642)</b>	<b>15,789</b>	<b>16,836</b>	<b>22,227</b>	<b>(31,420)</b>	<b>14,053</b>	<b>304</b>	<b>(2,341)</b>	<b>(111)</b>
<b>Total District-Wide Net Expense</b>	<b>\$ (9,712,956)</b>	<b>\$ (10,076,261)</b>	<b>\$ (9,987,129)</b>	<b>\$ (9,981,506)</b>	<b>\$ (10,288,412)</b>	<b>\$ (10,268,061)</b>	<b>\$ (10,259,110)</b>	<b>\$ (10,484,142)</b>	<b>\$ (10,455,511)</b>	<b>\$ (10,748,227)</b>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 10,272,696
Property taxes levied for debt service	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	1,532,308
Unrestricted grants and contributions	78,308	2,778	2,259	248				5,424	6,205	6,117
Investment earnings	84,726	8,047	1,661	3,738	3,990	3,484	4,207	6,031	7,613	16,386
Miscellaneous income	17,535	27,799	14,984	15,994	35,001	24,513	46,298	32,968	440,024	23,066
Transfers	(18,115)									
Loss on Disposal of Capital Assets										
<b>Total Governmental Activities</b>	<b>9,215,422</b>	<b>9,687,700</b>	<b>10,055,051</b>	<b>10,443,979</b>	<b>10,640,294</b>	<b>10,787,910</b>	<b>11,135,684</b>	<b>11,454,256</b>	<b>12,063,974</b>	<b>11,850,573</b>
Business-Type Activities:										
Investment earnings	521	167	12	23	18	170	129	149	171	228
Transfers	18,115									
<b>Total Business-Type Activities</b>	<b>18,636</b>	<b>167</b>	<b>12</b>	<b>23</b>	<b>18</b>	<b>170</b>	<b>129</b>	<b>149</b>	<b>171</b>	<b>228</b>
<b>Total District-Wide</b>	<b>\$ 9,234,058</b>	<b>\$ 9,687,867</b>	<b>\$ 10,055,063</b>	<b>\$ 10,444,002</b>	<b>\$ 10,640,312</b>	<b>\$ 10,788,080</b>	<b>\$ 11,135,813</b>	<b>\$ 11,454,405</b>	<b>\$ 12,064,145</b>	<b>\$ 11,850,801</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (489,426)	\$ (386,919)	\$ 52,133	\$ 445,637	\$ 329,655	\$ 551,269	\$ 862,521	\$ 969,810	\$ 1,610,804	\$ 1,102,457
Business-Type Activities	10,528	(1,475)	15,801	16,859	22,245	(31,250)	14,182	453	(2,170)	117
<b>Total District</b>	<b>\$ (478,898)</b>	<b>\$ (388,394)</b>	<b>\$ 67,934</b>	<b>\$ 462,496</b>	<b>\$ 351,900</b>	<b>\$ 520,019</b>	<b>\$ 876,703</b>	<b>\$ 970,263</b>	<b>\$ 1,608,634</b>	<b>\$ 1,102,574</b>

Source: District financial statements

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$ 336,593	\$ 16,336	\$ 19,593							
Unreserved	114,938	80,784	78,883							
Restricted				\$ 104,236	\$ 374,960	\$ 693,267	\$ 1,287,428	\$ 1,997,590	\$ 3,352,211	\$ 3,881,751
Committed									14,721	333,035
Assigned				99,145	21,054	77,268	170,619	56,926	61,713	89,863
Unassigned				250,000	248,738	242,373	248,794	226,577	236,057	241,613
<b>Total General Fund</b>	<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>	<u>\$ 4,546,262</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 149,060	\$ 152,500	\$ 11,500							
Unreserved	881,263	614,706	375,336							
Restricted				\$ 134,619	\$ 63,685	\$ 9,044	\$ 877	\$ 9,007	\$ 8,130	
Committed										
Assigned										
Unassigned										
<b>Total All Other Governmental Funds</b>	<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>	<u>\$ -</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)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Property Tax levy	\$ 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	\$ 11,805,004
Interest Earnings	84,726	8,047	1,661	3,738	3,990	3,484	4,207	6,031	7,613	16,386
Miscellaneous	17,535	27,799	15,534	55,950	77,467	72,888	122,289	114,018	547,654	137,685
State Sources	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	1,585,071
Federal Sources	171,550	213,235	308,515	272,620	269,282	234,757	260,607	277,638	265,197	270,183
<b>Total Revenues</b>	<b>10,615,475</b>	<b>10,926,675</b>	<b>11,441,657</b>	<b>11,421,726</b>	<b>11,936,949</b>	<b>12,294,183</b>	<b>12,654,231</b>	<b>13,058,465</b>	<b>13,870,530</b>	<b>13,814,329</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	5,277,159
Special Education Instruction	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	1,822,446
Other Instruction	259,117	439,491	233,466	114,477	312,235	252,509	317,366	276,480	268,301	256,964
School Sponsored Activities and Athletics	18,426	22,983	26,782	24,084	19,583	26,917	32,106	34,449	41,082	46,266
Community Service Programs			40,000							
<b>Support Services:</b>										
Student & Inst. Related Services	822,097	800,478	1,139,326	1,066,322	979,154	1,072,946	1,188,084	1,358,375	1,323,855	1,376,350
General Administrative	318,758	358,193	387,351	395,497	433,145	438,073	512,734	607,616	461,718	455,924
School Administrative Services	321,511	439,272	344,942	326,219	321,801	329,949	313,240	326,442	332,955	348,993
Plant Operations and Maintenance	1,047,851	999,639	936,718	942,845	979,321	892,633	983,936	974,973	1,240,196	1,016,119
Pupil Transportation	253,191	199,963	199,780	194,250	181,371	125,624	157,626	201,727	163,126	214,449
Business Svcs./Central Svcs/Admin. Info. Tech.	328,775	197,346	415,614	390,882	409,172	395,054	407,947	406,950	389,905	416,808
Capital outlay	1,479,056	267,672	311,077	251,713	131,250	125,347	49,639	47,224	18,039	168,983
<b>Debt service:</b>										
Principal	638,102	659,607	689,657	720,658	751,710	787,814	803,913	1,110,000	810,000	835,000
Interest and other charges	1,038,747	1,015,642	989,592	961,791	932,739	901,702	871,045	558,323	729,738	705,438
Advanced Refunding Escrow								792,328		
Cost of Issuance on Refunded Bonds	-	-	-	-	-	-	-	163,436	-	-
<b>Total Expenditures</b>	<b>12,664,494</b>	<b>11,609,122</b>	<b>11,806,587</b>	<b>11,319,038</b>	<b>11,816,512</b>	<b>11,980,668</b>	<b>11,968,465</b>	<b>13,436,279</b>	<b>12,487,798</b>	<b>12,940,899</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(2,049,019)	(682,447)	(364,930)	102,688	120,437	313,515	685,766	(377,814)	1,382,732	873,430
<b>Other Financing sources (uses)</b>										
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		64,919								
Transfers in	65,147	2,432	637	876	198	93	9	25	8	-
Transfers out	(83,262)	(2,432)	(637)	(876)	(198)	(93)	(9)	(25)	(8)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(18,115)</b>	<b>64,919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>960,196</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (2,067,134)</b>	<b>\$ (617,528)</b>	<b>\$ (364,930)</b>	<b>\$ 102,688</b>	<b>\$ 120,437</b>	<b>\$ 313,515</b>	<b>\$ 685,766</b>	<b>\$ 582,382</b>	<b>\$ 1,382,732</b>	<b>\$ 873,430</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>14.99%</b>	<b>14.77%</b>	<b>14.61%</b>	<b>15.20%</b>	<b>14.42%</b>	<b>14.25%</b>	<b>14.05%</b>	<b>19.60%</b>	<b>14.09%</b>	<b>13.72%</b>

\* 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)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Refunds/ Reimbursements</u>	<u>Book Fines</u>	<u>Insurance Settlement</u>	<u>Legal Settlement</u>	<u>E-Rate</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2017	16,386	52,785	45,953	11,107				8,078	3,881	138,190

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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 <sup>a</sup>
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
2017	26,542,600	558,534,900			401,686,300	1,248,209,800	12,256,700	2,247,230,300	3,837,014	2,251,067,314	2,290,376,074	0.538

Source: County Abstract of Ratables

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<sup>a</sup> 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
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
2017	0.538	0.324	0.763	0.034	0.247	1.906

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)

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Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 298,197,400	13.2%		
AMB	115,107,600	5.1%		
Prologis	57,340,000	2.5%		
Trans Con Pipe Line	54,114,000	2.4%		
ICON US Industrial	47,465,000	2.1%		
Starke Commercial Center	34,507,800	1.5%		
I&G Direct	33,671,100	1.5%		
Plank Pat. Realty	21,643,100	1.0%		
455 Sixteenth St. LLC	19,072,100	0.8%		
Thumann, Inc.	11,972,900	0.5%		
	<u>\$ 693,091,000</u>	<u>30.8%</u>		
Individual Taxpayer			\$ 98,117,300	10.1%
Trans Con Pipe Line			45,047,100	4.6%
AMB Properties			46,931,800	4.8%
Prologis Trust			46,256,200	4.8%
Wilson			10,520,200	1.1%
Plank Pat. Realty			9,900,000	1.0%
Barell Assoc.			8,749,500	0.9%
455 Sixteenth St. LLC			7,750,000	0.8%
A.G. Holdings			5,825,000	0.6%
Kindergan/Jomike & Mijack			5,400,000	0.6%
			<u>\$ 284,497,100</u>	<u>29.31%</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	
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%	
2017	11,805,004	11,805,004	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,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Capital Leases</u>	<u>Total District</u>		
2008	\$ 23,247,000	\$ 43,440		\$ 23,290,440	5,999	\$ 3,882
2009	22,607,000	88,752		22,695,752	6,059	3,746
2010	21,937,000	69,095		22,006,095	6,131	3,589
2011	21,237,000	48,437		21,285,437	6,173	3,448
2012	20,507,000	26,727		20,533,727	6,197	3,313
2013	19,742,000	3,913		19,745,913	6,225	3,172
2014	18,942,000	-		18,942,000	6,238	3,037
2015	16,800,000	-		16,800,000	6,260	2,684
2016	15,990,000	-		15,990,000	6,249	2,559
2017	15,155,000	-		15,155,000	6,249 E	2,425

Source: District records

E - Estimate

**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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2008	\$ 23,247,000		\$ 23,247,000	2.39%	\$ 3,875
2009	22,607,000		22,607,000	2.34%	3,731
2010	21,937,000		21,937,000	2.29%	3,578
2011	21,237,000		21,237,000	2.27%	3,440
2012	20,507,000		20,507,000	2.23%	3,309
2013	19,742,000		19,742,000	0.98% *	3,171
2014	18,942,000		18,942,000	0.94%	3,037
2015	16,800,000		16,800,000	0.84%	2,684
2016	15,990,000	\$ 8,130	15,981,870	0.81%	2,558
2017	15,155,000		15,155,000	0.67%	2,425

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, 2016  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Carlstadt Board of Education (As of June 30, 2017)	\$ 15,155,000	\$ 15,155,000	
Borough of Carlstadt	<u>16,227,812</u>	<u>2,782,000</u>	<u>\$ 13,445,812</u>
	<u>\$ 31,382,812</u>	<u>\$ 17,937,000</u>	<u>13,445,812</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			15,695,473
Bergen County Utilities Authority - Water Pollution (B)			<u>2,110,376</u>
			<u>17,805,849</u>
Total Direct and Overlapping Debt			<u>\$ 31,251,661</u>

## Source:

(1) Borough of Carlstadt's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt by dividing the municipality's 2016 equalized value by the total 2016 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 2017**

	Equalized valuation basis	
	2016	\$ 2,288,763,255
	2015	2,194,353,450
	2014	2,053,521,359
	[A]	<u>\$ 6,536,638,064</u>
Average equalized valuation of taxable property	[A/3]	\$ 2,178,879,355
Debt limit (3 % of average equalization value)	[B]	65,366,381 a
Total Net Debt Applicable to Limit	[C]	15,155,000
Legal debt margin	[B-C]	<u>\$ 50,211,381</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 65,366,381
Total net debt applicable to limit	23,247,181	22,607,181	21,937,181	21,237,181	20,507,181	19,742,181	18,942,000	16,800,000	15,990,000	15,155,000
Legal debt margin	<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>	<u>\$ 50,211,381</u>
Total net debt applicable to the limit as a percentage of debt limit	36.31%	32.09%	28.66%	27.87%	28.54%	30.60%	31.38%	28.31%	26.03%	23.18%

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>
2008	5,999	\$ 68,124	3.9%
2009	6,059	65,097	7.0%
2010	6,131	66,073	7.20%
2011	6,173	69,021	7.10%
2012	6,197	71,929	7.20%
2013	6,225	71,388	8.80%
2014	6,238	73,424	6.60%
2015	6,260	75,849	5.60%
2016	6,249	N/A	5.00%
2017	6,249 E	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)

Employer	2017		2008	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Allied Beverages		N/A	NOT AVAILABLE	
Coca-Cola		N/A		
Thumann's		N/A		
Impact Clothing		N/A		
Cadent-Ortho		N/A		
Medi/media		N/A		
Manhattan Products		N/A		
Sun Chemical		N/A		
Nash Distributors		N/A		
Water-Jel		N/A		

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

<u>Function/Program</u>	<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>	<u>2017</u>
Instruction										
Regular	46	47	46	47	49	50	50	50	50	50
Special Education										
Other Special Education	5	5	6	6	11	8	8	8	10	10
Vocational										
Other Instruction						3	1	1	1	-
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	2	6	6	6	8	9	9	9	8	8
General administration	3	3	3	3	2	2	2	2	2	2
School administrative services	3	3	3	3	3	3	3	6	6	5
Other administrative services										
Central services	2	2	2	2	2	2	2	2	2	2
Administrative Information Technology					1			1	1	1
Plant operations and maintenance	5	5	5	5	7	8	7	5	5	3
Pupil transportation										
Other support services										
Special Schools										
Food Service										
Child Care										
Total	<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>	<u>81</u>

Source: District Personnel Records



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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
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	15.98%	50	1:11	564	537	-5.84%	95.21%
2017	538	11,231,478	20,876	20.65%	50	1:11	535	514	-9.63%	96.07%

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)**

<u>District Building</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>	<u>2017</u>
<b>Carlstadt Public School</b>										
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	567	582	580	595	584	603	592	574	559	538

Number of Schools at June 30, 2017  
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>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>	<u>2017</u>
School Facilities										
Carlstadt School Public School	\$ 9,726	\$ 27,612	\$ 29,770	\$ 38,954	\$ 42,399	\$ 60,625	\$ 137,095	\$ 122,214	\$ 324,017	\$ 150,071
Grand Total	<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>	<u>\$ 150,071</u>

Source: District Records

Source: School District's financial statements

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2017  
(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 \$ 5,000	Shared Pool Limit Deductible
Education Legal Liability/Employment Practices Liability Darwin Insurance Co.	\$ 1,000,000	
Excess & Special Risk (Terrorism) American Alternative Insurance Co.	\$ 1,000,000	
Public Employee Dishonesty *	\$ 400,000 \$ 5,000	\$100,000 per Employee Deductible
Cyber Liability (Indian Harbor)	\$ 1,000,000 \$ 15,000	\$4,000,000 agg. 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, PSA

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

### 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, 2017 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 28, 2017.

#### **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.

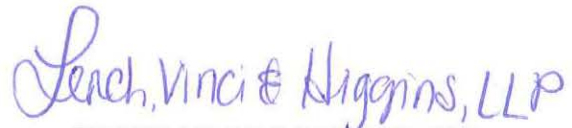
**Compliance and Other Matters**

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 28, 2017.

**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.



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



Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 28, 2017



# 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  
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, PSA

**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, 2017. 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, 2017.

### **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.

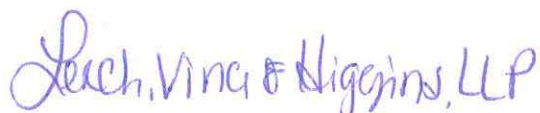
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2017 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 28, 2017, 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 is presented for purposes of additional analysis and is 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  
Certified Public Accountants  
Public School Accountants



Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 28, 2017

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, June 30, 2016					Balance, June 30, 2017					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	
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education</b>																
<b>Enterprise Fund</b>																
National School Lunch Program	10.555															
Non-Cash Assistance (Food Distribution)		171NJ304N1099	N/A	7/1/16-6/30/17	\$ 22,818						\$ 22,818	\$ 22,011	\$ 807			
Non-Cash Assistance (Food Distribution)		16161NJ304N1099	N/A	7/1/15-6/30/16	24,127	\$ 531						531				
Cash Assistance		171NJ304N1099	N/A	7/1/16-6/30/17	87,430						81,270	87,430		\$ (6,160)		\$ (6,160)
Cash Assistance		16161NJ304N1099	N/A	7/1/15-6/30/16	86,421		\$ (16,668)				16,668					
Health Hunger-Free Kids Act of 2011	10.555															
Cash Assistance		171NJ304N1099	N/A	7/1/16-6/30/17	3,677						3,416	3,677		(261)		(261)
Cash Assistance		16161NJ304N1099	N/A	7/1/15-6/30/16	3,749		(729)				729					
National School Breakfast Program	10.553															
Cash Assistance		171NJ304N1099	N/A	7/1/16-6/30/17	9,712						8,837	9,712		(875)		(875)
Cash Assistance		16161NJ304N1099	N/A	7/1/15-6/30/16	7,773		(1,600)				1,600					
<b>Total U.S. Department of Agriculture/Child Nutrition Cluster</b>						<b>531</b>	<b>(18,997)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,338</b>	<b>123,361</b>	<b>807</b>	<b>(7,296)</b>	<b>-</b>	<b>(7,296)</b>
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education</b>																
<b>Special Revenue Fund</b>																
IDEA Part B	84.027	H027A160100	IDEA074017	7/1/16-6/30/17	143,384						143,384	143,384				
IDEA Preschool	84.173	H173A160114	IDEA074017	7/1/16-6/30/17	6,574						6,574	6,574				
<b>Total Special Education Cluster (IDEA)</b>												<b>149,958</b>				
NCLB Title I	84.010	S010A160030	NCLB074017	7/1/16-6/30/17	96,007				\$ 12,363	\$ (12,363)	75,797	100,979	7,391	(32,573)		(25,182)
NCLB Title I	84.010	S010A150030	NCLB074016	7/1/15-6/30/16	96,115	12,363	(44,571)		(12,363)	12,363	32,208					
NCLB Title II- A	84.367A	S367A160029	NCLB074017	7/1/16-6/30/17	13,361						11,869	13,294	67	(1,492)		(1,425)
NCLB Title II- A	84.367A	S367A150029	NCLB074016	7/1/15-6/30/16	14,772		(3,662)				3,662					
NCLB Title III (Consortium)	84.365	S365A160030	NCLB074017	7/1/16-6/30/17	9,678				1,410	(1,410)		5,952	5,136	(11,088)		(5,952)
NCLB Title III (Consortium)	84.365	S365A150030	NCLB074016	7/1/15-6/30/16	6,821	1,410	(3,788)		(1,410)	1,410	2,378					
<b>Total U.S. Department of Education</b>						<b>13,773</b>	<b>(52,021)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>275,872</b>	<b>270,183</b>	<b>12,594</b>	<b>(45,153)</b>	<b>-</b>	<b>(32,559)</b>
<b>Total Federal Awards</b>						<b>\$ 14,304</b>	<b>\$ (71,018)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 411,210</b>	<b>\$ 393,544</b>	<b>\$ 13,401</b>	<b>\$ (52,449)</b>	<b>\$ -</b>	<b>\$ (39,855)</b>

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

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, 2017**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2017			MEMO	
								Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>												
<u>General Fund</u>												
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	\$ 24,947			\$ 24,138	\$ 24,947		\$ (809)			\$ 24,947
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	21,525	(1,191)		1,191						
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	205,076			198,427	205,076		(6,649)			205,076
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	207,971	(11,507)		11,507						
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	5,980			5,786	5,980		(194)			5,980
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	5,980	(331)		331						
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	5,980			5,786	5,980		(194)			5,980
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	5,980	(331)		331						
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	5,390			5,215	5,390		(175)			5,390
Total State Aid Public Cluster							247,373					
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	11,303			10,937	11,303		(366)			11,303
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	10,530	(583)		583						
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	132,903				132,903		(132,903)			132,903
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	117,414	(117,414)		117,414						
On-Behalf TPAF Pension System Contributions NCGI	17-495-034-5094-004	7/1/16-6/30/17	16,947			16,947	16,947					16,947
On-Behalf TPAF Pension System Contributions Normal Costs and Accrued Liability	17-495-034-5094-002	7/1/16-6/30/17	467,738			467,738	467,738					467,738
On-Behalf TPAF Contributions (Post Retirement Medical)	17-495-034-5094-001	7/1/16-6/30/17	403,853			403,853	403,853					403,853
On-Behalf TPAF Contributions (Long-Term Disability Insurance Premium)	17-495-034-5094-004	7/1/16-6/30/17	354			354	354					354
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	314,533			297,259	314,533		(17,274)		\$ (17,274)	314,533
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	315,424	(16,900)	-	16,900	-	-	-	-	-	-
Total General Fund				(148,257)	-	1,584,697	1,595,004	-	(158,564)	-	(17,274)	1,595,004
<b>State Department of Agriculture</b>												
<u>Enterprise Fund</u>												
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	2,824			2,624	2,824		(200)		(200)	2,824
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	2,882	(560)	-	560	-	-	-	-	-	-
Total Enterprise Fund				(560)	-	3,184	2,824	-	(200)	-	(200)	2,824
Total State Financial Assistance Subject to Single Audit Determination				(148,817)	-	1,587,881	1,597,828	-	(158,764)	-	(17,474)	1,597,828
<b>State Financial Assistance Not Subject to Major Program Determination</b>												
<u>General Fund</u>												
On-Behalf TPAF Pension System Contributions-NCGI	17-495-034-5095-004	7/1/16-6/30/17	16,947			(16,947)	(16,947)					(16,947)
On-Behalf TPAF Normal Costs	17-495-034-5095-002	7/1/16-6/30/17	467,738			(467,738)	(467,738)					(467,738)
On-Behalf TPAF Post-Retirement Medical Contributions	17-495-034-5095-001	7/1/16-6/30/17	403,853			(403,853)	(403,853)					(403,853)
On-Behalf TPAF Long-Term Disability Ins. Contributions	17-495-034-5095-004	7/1/16-6/30/17	354			(354)	(354)					(354)
Total State Financial Assistance Subject to Major Program Determination				\$ (148,817)	\$ -	\$ 698,989	\$ 708,936	\$ -	\$ (158,764)	\$ -	\$ (17,474)	\$ 708,936

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$9,933 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		\$ 1,585,071	\$ 1,585,071
Special Revenue Fund	\$ 270,183		270,183
Food Service Fund	<u>123,361</u>	<u>2,824</u>	<u>126,185</u>
Total Financial Assistance	<u>\$ 393,544</u>	<u>\$ 1,587,895</u>	<u>\$ 1,981,439</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, 2017**

**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 \$314,533 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$484,685, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$403,853 and TPAF Long-Term Disability Insurance in the amount of \$354 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions 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, 2017**

*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, 2017**

*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, 2017**

*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 AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, and NJ OMB Circular 15-08, as applicable.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.