

**CARLSTADT-EAST RUTHERFORD REGIONAL
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**H.P. Becton Regional High School
East Rutherford, New Jersey**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Carlstadt-East Rutherford Regional Board of Education

**H.P. Becton Regional High School
East Rutherford, New Jersey**

For The Fiscal Year Ended June 30, 2018

Prepared by

Business Office

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INTRODUCTORY SECTION

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

120 PATERSON AVENUE
EAST RUTHERFORD, N.J. 07073



H.P. BECTON REGIONAL HIGH SCHOOL
120 PATERSON AVENUE
EAST RUTHERFORD, N.J. 07073

NICHOLAS ANNITTI
BUSINESS ADMINISTRATOR/
BOARD SECRETARY

TELEPHONE: (201) 935-4940
FAX: (201) 935-3047

January 18, 2019

Honorable President and
Members of the Board of Education
Carlstadt-East Rutherford Regional High School District
County of Bergen
East Rutherford, New Jersey

Dear Board Members:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Carlstadt-East Rutherford Regional High School District (District) for the fiscal year ended June 30, 2018. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). 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 District. This report will provide the taxpayers of the Carlstadt-East Rutherford Regional High School District with comprehensive financial data in a format enabling them to gain an understanding of the District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information of the District, generally presented on a multi-year basis;

- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, is included in the single audit section of this report.

School District Organization

The District provides education to 506 students in grades nine through twelve. An elected nine-member Board of Education (the “Board”) serves as the policy maker for the District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of District tax money.

The Superintendent is the Chief Executive Officer of the District, responsible to the Board for total educational and support operations. The Board Secretary/Business Administrator is the Chief Financial Officer of the District, responsible to the Board for maintaining all financial records, making payments of liabilities incurred by the District, acting as custodian of all district funds, and investing funds as permitted by New Jersey law.

Reporting Entity

The Carlstadt-East Rutherford Regional High School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Carlstadt-East Rutherford Regional Board of Education and its school constitute the District’s reporting entity.

Economic Conditions and Outlook

The District completed the 2017-2018 fiscal year with an average daily enrollment of 506 students. The following details the changes in the student average daily enrollment of the District over the last nine years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	506.0	0.01%
2016-17	503.0	-0.02%
2015-16	512.0	-0.03%
2014-15	529.0	5.50%
2013-14	501.0	1.80%
2012-13	492.6	1.61%
2011-12	484.8	0.00%
2010-11	485.0	-1.74%
2009-10	493.6	0.08%
2008-09	493.2	-5.70%

The forecast for student enrollment is for growth in the future.

The District’s primary funding source is property tax revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. The proposed budget for fiscal year 2018-2019 provides the necessary funding to continue the excellent educational programs available to all District students. Starting with the 2013-2014 school year, there is no vote on budgets within the 2% “CAPS”. There is a 2% increase in the tax levy for fiscal year 2017-2018. The District’s administration is closely monitoring the cost of

operations and continues to look for innovative ways to contain costs in addition to new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

The District remains accountable to the residents and taxpayers and attributes much of its past education success to the community's demand for, and support of a quality school system.

Significant commercial development projects have been discussed for construction within the boundaries of the Hackensack Meadowlands Development Commission, which straddles the communities of Carlstadt and East Rutherford. Although tax exempt, these projects would increase the number of employment opportunities for our constituent communities.

Educational Program

The Mission Statement of the Carlstadt-East Rutherford Regional Board of Education is stated as follows:

- to recognize the dignity and worth of each student regardless of his/her intellectual ability, and maintain a learning environment conducive to educational and personal growth and development.
- to provide a variety of course offerings and co-curricular activities to enable the student to discover pursuits which interest him/her and in which he/she can succeed.
- to provide many opportunities for the student to develop problem solving and critical thinking skills.
- to provide opportunities to develop character, leadership, and good sportsmanship.
- to encourage involvement and commitment through educational and co-curricular activities.
- to foster an understanding and respect for the law as well as a sense of responsibility to self, family, school, community and nation.
- to develop an understanding of our American heritage (including all who made contributions) and the workings of our government as well as America's role and responsibilities as a member of the international community.
- to provide a safe, substance free educational environment so that the student can reach his/her educational goals.
- to foster an enjoyment of the learning processes and develop the skills necessary for a lifetime of continuous learning and adaption to change.

The Carlstadt-East Rutherford Regional Board of Education offers college preparatory, honors and Advanced Placement courses. These include regular, gifted and talented, as well as special education for disabled students. Students are offered an extensive extracurricular and athletic program including opportunities for students to participate in student government, academic, service, National Honor Society, foreign language honor societies, drama, musical performances and female/male sports teams.

The Middle States Association of College and Secondary Schools and the New Jersey Department of Education accredit Carlstadt-East Rutherford. Parents, students, staff and administration all have a strong commitment to maintain high academic and ethical standards.

Henry P. Becton Regional High School is a four year comprehensive high school which strives to meet the general and individual needs of the students and the communities of Carlstadt and East Rutherford. A variety of subjects are offered in order to prepare those students who plan to continue their education beyond high school and for those students who may seek employment after high school. Through curricular offering, extracurricular activities, counseling and special services, our school assists each pupil in achieving his/her goals, developing character and recognizing responsibility.

All staff members share the responsibility of insuring that students attain their greatest potential educationally, socially and vocationally. Working as a team, counselors, teachers, administrators, special education and support services staff, nurse and parents help students achieve this goal. Counselors meet with students on an individual basis or in small groups to discuss school adjustment, career planning and personal concerns. If additional help is needed, other members of the support staff are consulted.

Guidance services include: group and individual counseling, testing recordkeeping, scheduling, career school and college conferences, military information, referral, listing of job opportunities, scholarship opportunities and summer school offerings.

In order to graduate, students must pass the statewide 11th grade New Jersey High School Proficiency Assessment. For any student who does not meet the State and Local School District examination standards for graduation, the local Board of Education when appropriate, shall provide additional remedial and/or supplementary instruction specifically directed towards mastery of those proficiencies identified as necessary for the awarding of a diploma which may include, but not be limited to, an extended school year, extended school day, or additional school years.

Major Initiatives

Students continue to score above national averages on standardized tests. The District continues to maintain programs for the gifted and talented, college preparatory, general education and special education students. The District continued implementing its technology plan by updating classrooms and teacher's training programs.

Financial Information

Internal Accounting and Budgetary Control: Management of the District is responsible for establishing and maintaining an internal control system 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 generally accepted accounting principles (GAAP). Internal control 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 controls 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 awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to the federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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 Board. Annual appropriated budgets are adopted for the general fund and special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or 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, 2018.

Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to 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.

Risk Management: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & 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, U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08. The auditor’s report on the basic financial statements and specific required supplemental information 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.

Acknowledgements

We would like to express our appreciation to the members of the Carlstadt-East Rutherford Regional Board of Education 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.

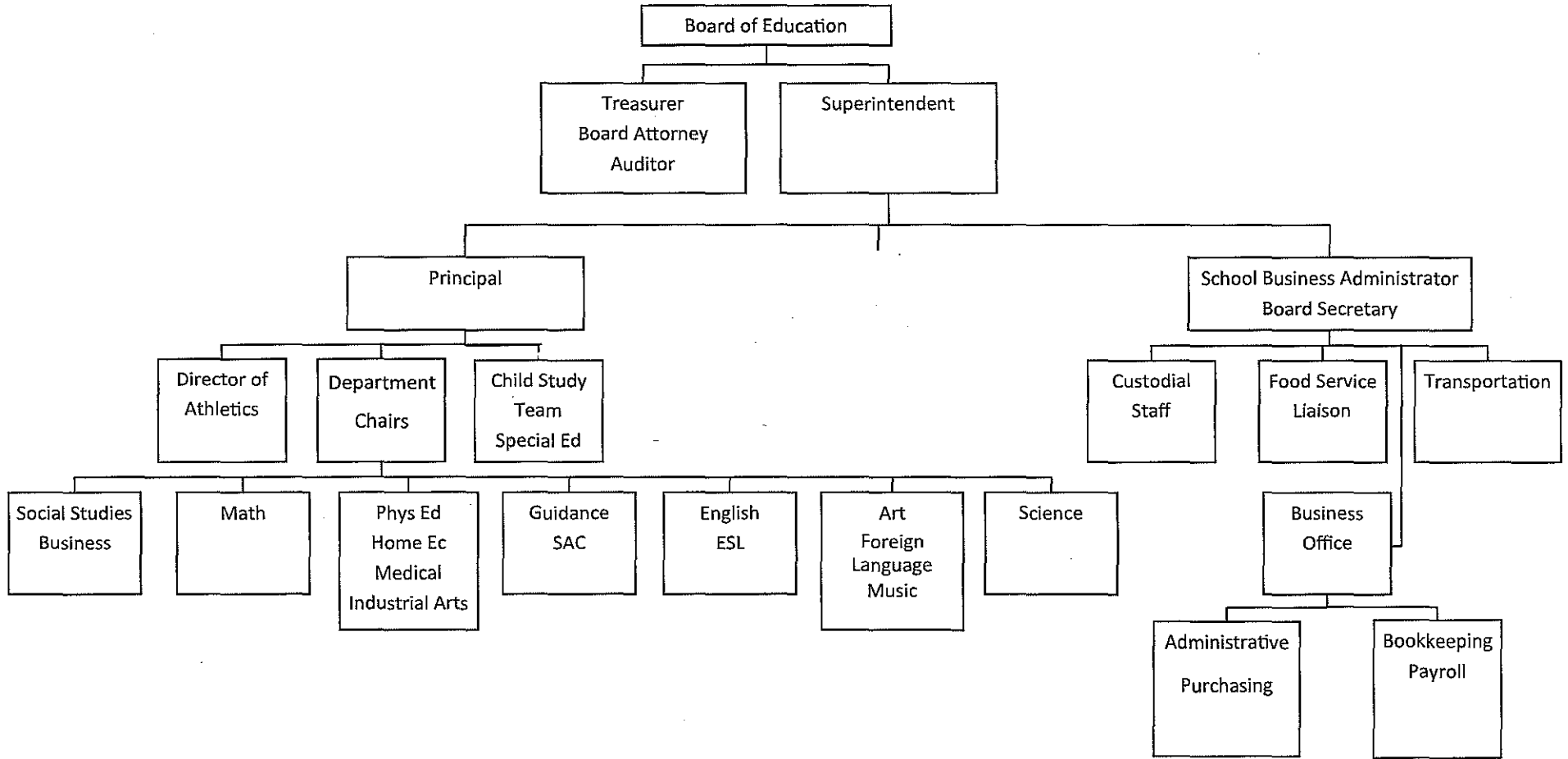
Respectfully submitted,



Nicholas Annitti
Board Secretary/Business Administrator

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

ORGANIZATION CHART



**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
CARLSTADT-EAST RUTHERFORD, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Anderson, President	2019
Dennis Monks, Vice President	2019
Lawrence Bongiovanni	2019
Rebecca Cruz	2020
Kevin Felten	2018
Zakaria Kandiel	2020
Raymond Muszynski	2018
Bruce Young	2020
Kathryn Fukushima	2018

Other Officials

Louise Clarke	Superintendent of Schools
Nicholas Annitti	Board Secretary/School Business Administrator
Domenick Giancaspro	Treasurer of School Monies
Dario Sforza	Principal

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

TD Bank
71 Union Avenue
East Rutherford, NJ 07073

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. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Carlstadt-East Rutherford Regional Board of Education
East Rutherford, 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-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt-East Rutherford Regional Board of Education as of June 30, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Carlstadt-East Rutherford Regional Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlstadt-East Rutherford Regional 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-East Rutherford Regional 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.

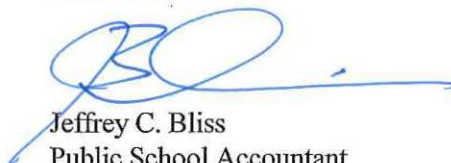
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2019 on our consideration of the Carlstadt-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

This section of Carlstadt-East Rutherford Regional Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements and notes to the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 fiscal year include the following:

- The assets and deferred outflows of resources of the Carlstadt-East Rutherford Regional Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,320,752. (Net Position)
- The District's total net position decreased by \$519,088.
- Overall District revenues were \$17,863,667. General revenues accounted for \$13,049,472 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,814,195 or 27% of total revenues.
- The school district had \$17,872,681 in expenses for governmental activities; only \$4,272,112 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$13,049,472 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,754,018. Of this amount, \$262,908 (7%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2018 was \$3,754,018 an increase of \$1,320,842 compared to the ending fund balance at June 30, 2017 of \$2,433,176.
- The General Fund unassigned budgetary fund balance at June 30, 2018 was \$387,920 which represents an increase of \$76,589 compared to the ending unassigned budgetary fund balance at June 30, 2017 of \$311,331.
- The District's long-term liabilities decreased \$860,887 during the current fiscal year.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

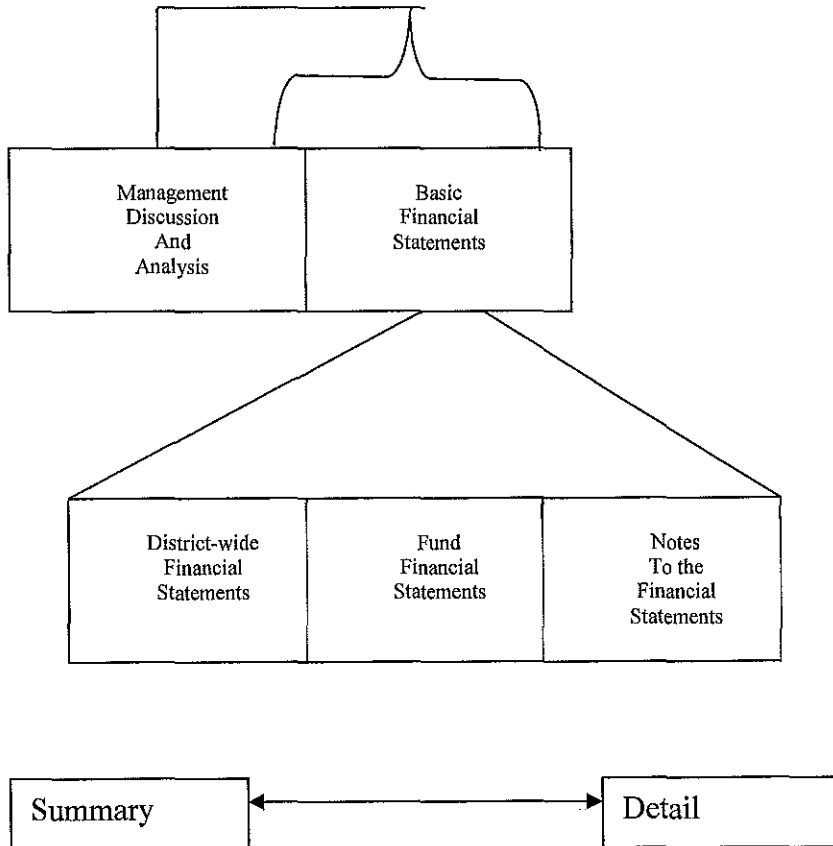
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following shows how the various parts of this Annual Report are arranged and related to one another.



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2018

The table below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as scholarships, student activities and payroll activities.
Required financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statements of Fiduciary Net Position. Statement of Charge In Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset/liability deferred inflows/outflows information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District’s assets, liabilities and deferred outflows/inflows. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District’s *net position* and how they have changed. Net position – the difference between the District’s assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District’s financial health or *position*.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

- Over time, increases or decreases in the District's net position are an indicator of whether its financial condition is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's food service operations are included under this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund, for its food service (cafeteria) program.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2018

Fund Financial Statements (Continued)

• *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District’s *combined* net position was \$28,320,752 and \$28,839,840 on June 30, 2018 and 2017, respectively as follows:

	Net Position As of June 30, 2018 and 2017					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current Assets	\$ 3,785,260	\$ 4,211,481	\$ 92,135	\$ 62,381	\$ 3,877,395	\$ 4,273,862
Capital Assets, Net	27,369,012	28,116,536	26,669	23,635	27,395,681	28,140,171
Total Assets	<u>31,154,272</u>	<u>32,328,017</u>	<u>118,804</u>	<u>86,016</u>	<u>31,273,076</u>	<u>32,414,033</u>
Deferred Outflows of Resources	<u>687,906</u>	<u>957,402</u>	<u>-</u>	<u>-</u>	<u>687,906</u>	<u>957,402</u>
Total Assets and Deferred Outflows	<u>31,842,178</u>	<u>33,285,419</u>	<u>118,804</u>	<u>86,016</u>	<u>31,960,982</u>	<u>33,371,435</u>
Liabilities						
Long-Term liabilities	2,929,175	3,790,062	-	-	2,929,175	3,790,062
Other Liabilities	31,242	589,034	1,064	-	32,306	589,034
Total Liabilities	<u>2,960,417</u>	<u>4,379,096</u>	<u>1,064</u>	<u>-</u>	<u>2,961,481</u>	<u>4,379,096</u>
Deferred Inflows of Resources	<u>678,288</u>	<u>151,753</u>	<u>461</u>	<u>746</u>	<u>678,749</u>	<u>152,499</u>
Total Liabilities and Deferred Inflows	<u>3,638,705</u>	<u>4,530,849</u>	<u>1,525</u>	<u>746</u>	<u>3,640,230</u>	<u>4,531,595</u>
Net Position						
Net Investment in Capital Assets	27,308,026	27,919,956	26,669	23,635	27,334,695	27,943,591
Restricted	2,324,344	2,230,769	-	-	2,324,344	2,230,769
Unrestricted	(1,428,897)	(1,396,155)	90,610	61,635	(1,338,287)	(1,334,520)
Total Net Position	<u>\$ 28,203,473</u>	<u>\$ 28,754,570</u>	<u>\$ 117,279</u>	<u>\$ 85,270</u>	<u>\$ 28,320,752</u>	<u>\$ 28,839,840</u>

By far the largest portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represent amounts reserved for specific purposes by outside parties or statutory requirements. Unrestricted net position represent amounts available to the government that are neither restricted nor invested in capital assets.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

The District's total net position of \$28,320,752 at June 30, 2018 represent a \$519,088 or 2% decrease from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2018 and 2017.

Change in Net Position
For The Years Ended June 30, 2018 and 2017

	Governmental Activities		Business- Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 275,550	\$ 328,168	\$ 464,857	\$ 429,578	\$ 740,407	\$ 757,746
Operating Grants and Contributions	3,996,562	3,852,675	77,226	77,005	4,073,788	3,929,680
Capital Grants and Contributions	-	631,964			-	631,964
General Revenues						
Property Taxes	12,808,092	12,556,953			12,808,092	12,556,953
Unrestricted State Aid	15,849	15,570			15,849	15,570
Other	225,531	132,148	-	-	225,531	132,148
Total Revenues	17,321,584	17,517,478	542,083	506,583	17,863,667	18,024,061
Expenses						
Instruction						
Regular	7,046,759	7,247,684			7,046,759	7,247,684
Special Education	2,890,090	3,000,119			2,890,090	3,000,119
Other Instruction	232,880	230,325			232,880	230,325
School Sponsored Activities and Athletics	517,132	477,660			517,132	477,660
Support Services						
Student and Instruction Related Services	2,361,810	1,951,656			2,361,810	1,951,656
General Administrative Services	731,486	706,275			731,486	706,275
School Administrative Services	382,769	408,947			382,769	408,947
Central Services and Info. Technology	628,373	602,211			628,373	602,211
Plant Operations and Maintenance	2,416,386	1,556,962			2,416,386	1,556,962
Pupil Transportation	662,114	655,194			662,114	655,194
Interest on Long-Term Debt	2,882	5,037			2,882	5,037
Food Services	-	-	510,074	507,928	510,074	507,928
Total Expenses	17,872,681	16,842,070	510,074	507,928	18,382,755	17,349,998
Change in Net Position	(551,097)	675,408	32,009	(1,345)	(519,088)	674,063
Net Position, Beginning of Year	28,754,570	28,079,162	85,270	86,615	28,839,840	28,165,777
Net Position, End of Year	\$ 28,203,473	\$ 28,754,570	\$ 117,279	\$ 85,270	\$ 28,320,752	\$ 28,839,840

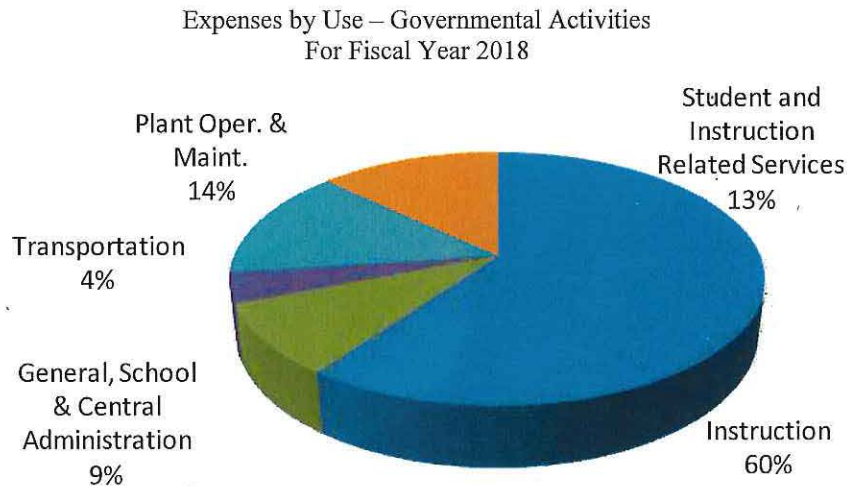
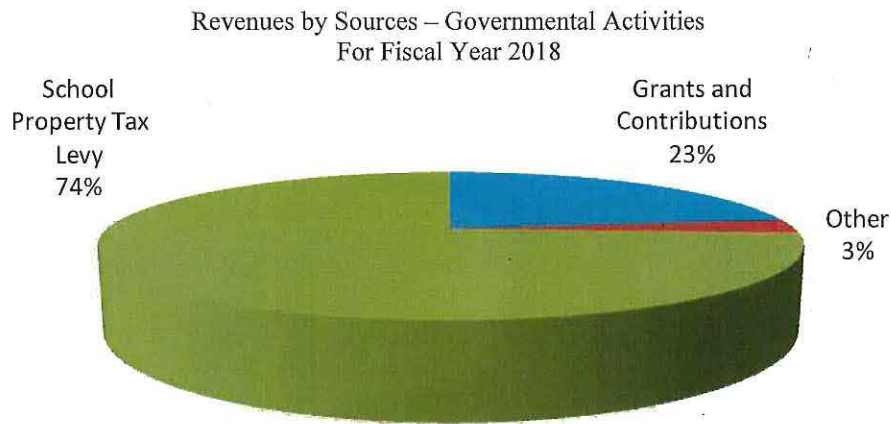
CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$17,321,584 for the fiscal year ended June 30, 2018, property taxes of \$12,808,092 represented 74% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$3,996,562 and represented 23% of revenues. In addition, charges for services from, tuition fees, transportation fees, building rental fees and general revenue from unrestricted state aid and miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 3% of revenues.

The total cost of all governmental activities programs and services was \$17,872,681 for the fiscal year ended June 30, 2018. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$10,686,861 (60%) of total expenses. Support service costs were \$7,182,938 (40%) of total expenses.

For fiscal year 2018, total governmental activities expenses exceeded revenues decreasing net position for governmental activities by \$551,097 from the previous year.



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

Total Cost and Net Cost of Governmental Activities. The District's total cost of services was \$17,872,681. After applying program revenues, derived from operating and capital grants and contributions of \$3,996,562 and charges for services of \$275,550, the net cost of services of the District is \$13,600,569 for the fiscal year ended June 30, 2018.

**Total and Net Cost of Governmental Activities
For the Years Ended June 30, 2018 and 2017**

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction				
Regular	\$ 7,046,759	\$ 7,247,684	\$ 4,585,492	\$ 4,523,394
Special Education	2,890,090	3,000,119	2,173,561	2,352,168
Other Instruction	232,880	230,325	149,434	145,999
School Sponsored Activities and Athletics	517,132	477,660	487,213	477,660
Support Services				
Student and Instruction Related Services	2,361,810	1,951,656	1,966,947	1,707,270
General Administrative Services	731,486	706,275	706,291	706,275
School Administrative Services	382,769	408,947	265,655	285,476
Central Services & Info. Technology	628,373	602,211	492,074	485,125
Plant Operations and Maintenance	2,416,386	1,556,962	2,271,573	841,748
Pupil Transportation	662,114	655,194	499,447	499,111
Interest on Long-Term Debt	2,882	5,037	2,882	5,037
Total	\$ 17,872,681	\$ 16,842,070	\$ 13,600,569	\$ 12,029,263

Business-Type Activities – The District's total business-type activities revenues were \$542,083 for the fiscal year ended June 30, 2018 and relate entirely to the District's food service (cafeteria) operations. Charges for services accounted for \$464,857, 86% of total revenues and operating grants and contributions accounted for \$77,226, 14% of total revenue.

Total cost of all business-type activities programs and services was \$510,074 for the fiscal year ended June 30, 2018.

For fiscal year 2018, total business-type activities revenues exceeded expenses, increasing net position by \$32,009 from the previous year.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$3,754,018 at June 30, 2018, an increase of \$130,065 from last year's fund balance of \$3,623,953. This increase was mainly attributable to revenues that exceeded anticipated amounts for the 2017/2018 school year.

Revenues for the District's governmental funds were \$15,324,424, while total expenditures were \$15,254,223 for the fiscal year ended June 30, 2018.

GENERAL FUND

The General fund includes the primary operations of the District in providing educational services to students from Grade 9 through Grade 12.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 12,808,092	\$ 12,556,953	\$ 251,139	2%
Interest	11,053	3,173	7,880	248%
Miscellaneous	490,028	457,143	32,885	7%
State Sources	<u>1,793,856</u>	<u>1,599,866</u>	<u>193,990</u>	12%
Total General Fund Revenues	<u>\$ 15,103,029</u>	<u>\$ 14,617,135</u>	<u>\$ 485,894</u>	3%

For fiscal year 2018, total General Fund revenues increased \$485,894 or 3% from the previous year. Property taxes increased 2% to support increases in operating costs. State aid increased \$193,990 or 12% mainly due to increases in on-behalf TPAF pension contributions paid by the State for the District's teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 8,960,809	\$ 8,936,549	\$ 24,260	0%
Support Services	5,514,477	5,226,775	287,702	6%
Debt Service	199,846	200,258	(412)	0%
Capital Outlay	<u>127,016</u>	<u>35,284</u>	<u>91,732</u>	100%
Total Expenditures	<u>\$ 14,802,148</u>	<u>\$ 14,398,866</u>	<u>\$ 403,282</u>	3%

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

For fiscal year 2018, total General Fund expenditures increased \$403,282 or 3% from the previous year. Notable increases during the year were attributed to increases in student and instruction related support services and capital outlay.

In fiscal year 2018 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1,320,842. Therefore, total fund balance increased to \$3,754,018 at June 30, 2018. After deducting restricted and assigned fund balances, the unassigned fund balance increased to \$262,908 for the year ending June 30, 2018 from \$256,623 for the year ended June 30, 2017. In addition, the District designated fund balance of \$529,439 at year end for use in the subsequent school year's budget for operating costs and has restricted \$1,699,344 of its fund balance at year end for the capital reserve and \$625,000 for the maintenance reserve.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into several categories"

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reinstating prior year purchase orders being carried over as an encumbrance.
- Appropriating capital reserve funds for facilities projects.

Revisions in the budget were made through budget transfers to prevent over expenditures in specific line item accounts. Other revisions to the budget during the year were the reappropriation of prior year encumbrances and the appropriation of capital reserve.

For fiscal year 2018 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$1,391,146 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$76,589 from \$311,331 at June 30, 2017 to \$387,920 at June 30, 2018. In addition, the District increased its capital reserve by \$814,352 from \$814,992 at June 30, 2017 to \$1,699,344 at June 30, 2018. The District also increase its maintenance reserve \$400,000 from \$225,000 at June 30, 2017 to \$625,000 at June 30, 2018.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2018, the District had \$27,369,012 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$26,669 for business-type activities. The following is a comparison of the June 30, 2018 and 2017 balances:

**Capital Assets as of June 30, 2018 and 2017
(Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Land	\$ 559,343	\$ 559,343		
Construction in Progress		31,526		
Building and Building Improvements	26,685,794	27,478,303		
Machinery and Equipment	<u>123,875</u>	<u>47,364</u>	\$ 26,669	\$ 23,635
Total Capital Assets, Net	<u>\$ 27,369,012</u>	<u>\$ 28,116,536</u>	<u>\$ 26,669</u>	<u>\$ 23,635</u>

Additional information on the District's capital assets is presented in the Notes to the Financial Statements contained in this report.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

LONG TERM LIABILITIES

At June 30, 2018 the District had \$2,929,175 of total long-term outstanding liabilities. This amount is for capital leases, compensated absences and net pension liabilities. The District's total long-term liabilities decreased \$860,887 during the year. The following is a comparison of the June 30, 2018 and 2017 balances:

**Outstanding Long-Term Liabilities
as of June 30, 2018 and 2017**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Capital Leases Payable	\$ 60,986	\$ 196,580
Compensated Absences	76,620	75,274
Net Pension Liability	<u>2,791,569</u>	<u>3,518,208</u>
Total	<u>\$ 2,929,175</u>	<u>\$ 3,790,062</u>

Additional information of the District's long-term liabilities is presented in the Notes to the Financial Statements contained this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the district's future, the availability of funding for increased enrollment, special education needs and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-2019 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 2018-2019. Budgeted expenditures in the General Fund increased approximately 3% to \$14,685,339 for fiscal year 2018-2019. Overall increases in out of district tuition costs were the main factors for the increase.

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 Business Office, Carlstadt-East Rutherford Regional Board of Education, 120 Paterson Avenue, East Rutherford, NJ 07073-1508.

FINANCIAL STATEMENTS

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,621,456	\$ 17,980	\$ 3,639,436
Receivables, net	163,804	63,177	226,981
Inventory		10,978	10,978
Capital Assets, Not Being Depreciated	559,343		559,343
Capital Assets, Being Depreciated, Net	<u>26,809,669</u>	<u>26,669</u>	<u>26,836,338</u>
Total Assets	<u>31,154,272</u>	<u>118,804</u>	<u>31,273,076</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>687,906</u>	<u>-</u>	<u>687,906</u>
Total Deferred Outflows of Resources	<u>687,906</u>	<u>-</u>	<u>687,906</u>
Total Assets and Deferred Outflows of Resources	<u>31,842,178</u>	<u>118,804</u>	<u>31,960,982</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	30,815		30,815
Unearned Revenue	427	1,064	1,491
Noncurrent Liabilities			
Due Within One Year	25,027		25,027
Due Beyond One Year	<u>2,904,148</u>	<u>-</u>	<u>2,904,148</u>
Total Liabilities	<u>2,960,417</u>	<u>1,064</u>	<u>2,961,481</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		461	461
Deferred Amounts on Net Pension Liability	<u>678,288</u>	<u>-</u>	<u>678,288</u>
Total Deferred Inflows of Resources	<u>678,288</u>	<u>461</u>	<u>678,749</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,638,705</u>	<u>1,525</u>	<u>3,640,230</u>
NET POSITION			
Net Investment in Capital Assets	27,308,026	26,669	27,334,695
Restricted for			
Capital Projects	1,699,344		1,699,344
Plant Maintenance	625,000		625,000
Unrestricted	<u>(1,428,897)</u>	<u>90,610</u>	<u>(1,338,287)</u>
Total Net Position	<u>\$ 28,203,473</u>	<u>\$ 117,279</u>	<u>\$ 28,320,752</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 7,046,759	\$ 89,100	\$ 2,372,167		\$ (4,585,492)		\$ (4,585,492)
Special Education	2,890,090		716,529		(2,173,561)		(2,173,561)
Other Instruction	232,880		83,446		(149,434)		(149,434)
School Sponsored Activities and Athletics	517,132		29,919		(487,213)		(487,213)
Support Services							
Student and Instruction Related Services	2,361,810		394,863		(1,966,947)		(1,966,947)
General Administrative Services	731,486		25,195		(706,291)		(706,291)
School Administrative Services	382,769		117,114		(265,655)		(265,655)
Central Services and Info. Technology	628,373		136,299		(492,074)		(492,074)
Plant Operations and Maintenance	2,416,386	70,750	74,063		(2,271,573)		(2,271,573)
Pupil Transportation	662,114	115,700	46,967		(499,447)		(499,447)
Interest on Long Term Debt	2,882	-	-	-	(2,882)	-	(2,882)
Total Governmental Activities	<u>17,872,681</u>	<u>275,550</u>	<u>3,996,562</u>	<u>-</u>	<u>(13,600,569)</u>	<u>-</u>	<u>(13,600,569)</u>
Business-Type Activities							
Food Service	510,074	464,857	77,226	-	-	\$ 32,009	32,009
Total Business-Type Activities	<u>510,074</u>	<u>464,857</u>	<u>77,226</u>	<u>-</u>	<u>-</u>	<u>32,009</u>	<u>32,009</u>
Total Primary Government	<u>\$ 18,382,755</u>	<u>\$ 740,407</u>	<u>\$ 4,073,788</u>	<u>\$ -</u>	<u>(13,600,569)</u>	<u>32,009</u>	<u>(13,568,560)</u>
General Revenues							
Taxes:							
Property Taxes, levied for general purposes					12,808,092		12,808,092
Unrestricted State Aid					15,849		15,849
Investment Earnings					11,053		11,053
Miscellaneous Income					214,478	-	214,478
Total General Revenues					<u>13,049,472</u>	<u>-</u>	<u>13,049,472</u>
Change in Net Position					(551,097)	32,009	(519,088)
Net Position, Beginning of Year					<u>28,754,570</u>	<u>85,270</u>	<u>28,839,840</u>
Net Position, End of Year					<u>\$ 28,203,473</u>	<u>\$ 117,279</u>	<u>\$ 28,320,752</u>

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

FUND FINANCIAL STATEMENTS

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,090,931		\$ 530,525	\$ 3,621,456
Receivables from Other Governments	63,040	\$ 99,639		162,679
Other Receivables	1,125			1,125
Due from Other Funds	<u>625,136</u>	<u>-</u>	<u>-</u>	<u>625,136</u>
 Total Assets	 <u>\$ 3,780,232</u>	 <u>\$ 99,639</u>	 <u>\$ 530,525</u>	 <u>\$ 4,410,396</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 21,010	\$ 2,077		\$ 23,087
Accrued Salaries Payable	3,115			3,115
Due to Other Funds	2,089	94,611	\$ 530,525	627,225
Payable to Federal Government		2,524		2,524
Unearned Revenue	<u>-</u>	<u>427</u>	<u>-</u>	<u>427</u>
 Total Liabilities	 <u>26,214</u>	 <u>99,639</u>	 <u>530,525</u>	 <u>656,378</u>
Fund Balances				
Restricted				
Capital Reserve	1,499,344			1,499,344
Capital Reserve - Designated For Subsequent Year's Expenditures	200,000			200,000
Maintenance Reserve	525,000			525,000
Maintenance Reserve - Designated For Subsequent Year's Expenditures	100,000			100,000
Excess Surplus	602,343			602,343
Excess Surplus-Designated for Subsequent Year's Expenditures	502,142			502,142
Assigned				
Year End Encumbrances	34,984			34,984
Designated for Subsequent Year's Expenditures	27,297			27,297
Unassigned	<u>262,908</u>	<u>-</u>	<u>-</u>	<u>262,908</u>
	<u>3,754,018</u>	<u>-</u>	<u>-</u>	<u>3,754,018</u>
 Total Fund Balances	 <u>\$ 3,780,232</u>	 <u>\$ 99,639</u>	 <u>\$ 530,525</u>	 <u>\$ 4,410,396</u>
 Total Liabilities and Fund Balances				

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balance - Governmental Funds (Exhibit B-1) \$ 3,754,018

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 \$34,929,212 and the accumulated depreciation is \$7,560,200. 27,369,012

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

Deferred Outflows of Resources	\$ 687,906	
Deferred Inflows of Resources	<u>(678,288)</u>	
		9,618

Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Capital Leases	(60,986)	
Compensated Absences	(76,620)	
Net Pension Liability	<u>(2,791,569)</u>	
		<u>(2,929,175)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ 28,203,473

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 12,808,092			\$ 12,808,092
Interest	11,053			11,053
Miscellaneous	<u>490,028</u>	-	-	<u>490,028</u>
Total - Local Sources	13,309,173	-	-	13,309,173
State Sources	1,793,856			1,793,856
Federal Sources	<u>-</u>	\$ 221,395	-	<u>221,395</u>
Total Revenues	<u>15,103,029</u>	<u>221,395</u>	<u>-</u>	<u>15,324,424</u>
EXPENDITURES				
Current				
Regular Instruction	5,660,421	74,183		5,734,604
Special Education Instruction	2,638,017	111,685		2,749,702
Other Instruction	185,293			185,293
School-Sponsored Activities and Athletics	477,078			477,078
Support Services				
Student and Instruction Related Services	2,088,076	35,527		2,123,603
General Administrative Services	694,961			694,961
School Administrative Services	312,197			312,197
Central Services and Info. Technology	535,801			535,801
Plant Operations and Maintenance	1,247,018			1,247,018
Pupil Transportation	636,424			636,424
Debt Service				
Principal	195,458			195,458
Interest and Other Charges	4,388			4,388
Capital Outlay	<u>127,016</u>	-	\$ 230,680	<u>357,696</u>
Total Expenditures	<u>14,802,148</u>	<u>221,395</u>	<u>230,680</u>	<u>15,254,223</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>300,881</u>	<u>-</u>	<u>(230,680)</u>	<u>70,201</u>
Other Financing Sources (Uses)				
Capital Lease Proceeds	59,864			59,864
Transfer In	1,010,097		50,000	1,060,097
Transfer Out	<u>(50,000)</u>	-	<u>(1,010,097)</u>	<u>(1,060,097)</u>
Total Other Financing Sources (Uses)	<u>1,019,961</u>	<u>-</u>	<u>(960,097)</u>	<u>59,864</u>
Net Change in Fund Balance	1,320,842	-	(1,190,777)	130,065
Fund Balance, Beginning of Year	<u>2,433,176</u>	<u>-</u>	<u>1,190,777</u>	<u>3,623,953</u>
Fund Balance, End of Year	<u>\$ 3,754,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,754,018</u>

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
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, 2018**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 130,065**

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 expense exceeds capital outlay in the current period.

Capital Outlay	\$ 357,696	
Depreciation Expense	<u>(1,105,220)</u>	(747,524)

In the statement of activities, certain operating expenses, e.g., compensated absences and net pension liability are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned or incurred amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.

Increase in Compensated Absences	(1,346)	
Increase in Net Pension Liability	<u>(69,392)</u>	(70,738)

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.

Capital Lease Proceeds	(59,864)	
Capital Lease Principal	<u>195,458</u>	135,594

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>1,506</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ (551,097)**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

		Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	17,980
Intergovernmental Receivable		63,177
Inventory		<u>10,978</u>
Total Current Assets		<u>92,135</u>
Capital Assets		
Machinery and Equipment		185,562
Less: Accumulated Depreciation		<u>(158,893)</u>
Total Capital Assets, Net		<u>26,669</u>
Total Assets		<u>118,804</u>
LIABILITIES		
Unearned Revenue		<u>1,064</u>
Total Liabilities		<u>1,064</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Commodities Revenue		<u>461</u>
Total Deferred Inflows of Resources		<u>461</u>
Total Liabilities and Deferred Inflow of Resources		<u>1,525</u>
NET POSITION		
Investment in Capital Assets		26,669
Unrestricted		<u>90,610</u>
Total Net Position	\$	<u>117,279</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Reimbursable Programs	\$ 47,593
Non-Reimbursable Programs	409,444
Special Functions	7,820
	464,857
Total Operating Revenues	464,857
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	218,971
Cost of Sales - Non Reimbursable Programs	35,647
Salaries and Benefits	157,554
Purchased Management Services	44,160
Van and Vehicle Services	9,186
Insurance	1,922
Purchase Professional Technical Service	3,450
Other Purchased Services	4,543
General Supplies	29,973
Depreciation	4,668
	510,074
Total Operating Expenses	510,074
Operating Loss	(45,217)
NONOPERATING REVENUES	
State Sources	
School Lunch Program	1,564
Federal Sources	
National School Breakfast Program	5,373
National School Lunch Program	54,164
Food Distribution Program	16,125
	77,226
Total Nonoperating Revenues	77,226
Change in Net Position	32,009
Net Position , Beginning of Year	85,270
Net Position, End of Year	\$ 117,279

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 423,865
Cash Payment for Employees Salaries and Benefits	(157,554)
Cash Payments to Suppliers for Goods and Services	<u>(336,707)</u>
Net Cash Provided (Used) by Operating Activities	<u>(70,396)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Paid to Other Funds	(54,891)
Cash Received from State and Federal Subsidy Reimbursements	<u>60,683</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>5,792</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	<u>(7,702)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(7,702)</u>
Net Increase in Cash and Cash Equivalents	(72,306)
Cash and Cash Equivalents, Beginning of Year	<u>90,286</u>
Cash and Cash Equivalents, End of Year	<u>\$ 17,980</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ <u>(45,217)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	4,668
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	16,125
Change in Assets, Liabilities and Deferred Inflows	
(Increase)/Decrease in Intergovernmental Receivable - Local	(45,648)
(Increase)/Decrease in Other Receivables	3,592
(Increase)/Decrease in Inventory	(4,695)
Increase/(Decrease) in Unearned Revenue	1,064
Increase/(Decrease) in Deferred Commodities Revenue	<u>(285)</u>
Total Adjustments	<u>(25,179)</u>
Net Cash (Used for) by Operating Activities	<u>\$ (70,396)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 15,840

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	Private Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 678,008	\$ 72,410
Due from Other Funds	<u>12</u>	<u>2,077</u>
Total Assets	<u>678,020</u>	<u>\$ 74,487</u>
LIABILITIES		
Accrued Salaries and Wages		\$ 3,365
Payroll Deductions and Withholdings		51,526
Due to Student Groups	<u>-</u>	<u>19,596</u>
Total Liabilities	<u>-</u>	<u>\$ 74,487</u>
NET POSITION		
Held in Trust for Private Purpose Scholarships	<u>\$ 678,020</u>	

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Private Purpose Scholarship <u>Fund</u>
ADDITIONS	
Contributions	
Donations	\$ <u>632,300</u>
Total Additions	<u>632,300</u>
DEDUCTIONS	
Scholarships Awarded	<u>39,400</u>
Total Deductions	<u>39,400</u>
Change in Net Position	592,900
Net Position, Beginning of Year	<u>85,120</u>
Net Position, End of Year	<u>\$ <u>678,020</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Carlstadt-East Rutherford Regional 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-East Rutherford Regional 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 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. 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*. 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, 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. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for private donations for scholarship awards. 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.

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

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

Reclassifications

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

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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, transportation fees, facility 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 inventory at year-end is reported as deferred inflows of resources.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	5-20
Buildings	20-50
Building Improvements	7-30
Office Equipment and Furniture	5-20
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 one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The 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.

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 which arise only under the accrual basis of accounting that qualify for reporting in this category. Accordingly, 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 inventory 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

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.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2D).

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

Excess Surplus - Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general and special revenue 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. 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$175,369. The increase was funded by additional appropriation of general fund capital reserve, additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Required Maintenance for School Facilities			
Cleaning, Repair and Maintenance	\$126,470	\$137,059	\$(10,589)
Facilities Acquisition and Construction Services			
Construction Services	-	7,327	(7,327)

The above variances were offset with other available resources.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 814,992
Increased by		
Deposits Approved by Board Resolution	\$ 100,000	
Unexpended Budget Appropriations	4,255	
Return of Unexpended Capital Reserve From Capital Projects Fund	<u>1,010,097</u>	
		<u>1,114,352</u>
		1,929,344
Decreased by		
Withdrawals approved by District Budget	180,000	
Withdrawals approved by Board Resolution	<u>50,000</u>	
		<u>230,000</u>
Balance, June 30, 2018		<u>\$ 1,699,344</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. \$200,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, June 30, 2017	\$ 225,000
Increased by	
Deposits Approved by Board Resolution	<u>400,000</u>
Balance, June 30, 2018	<u>\$ 625,000</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$866,185. \$100,000 of the maintenance reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund 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, 2018 is \$1,104,485. Of this amount, \$502,142 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$602,343 will be appropriated in the 2019/2020 original budget certified for taxes.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

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, 2018, the book value of the Board's deposits were \$4,389,854 and bank and brokerage firm balances of the Board's deposits amounted to \$4,824,051. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>4,824,051</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2018 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Local	\$ 63,040	\$ 1,223	\$ 60,543	\$ 124,806
State			61	61
Federal		98,416	2,573	100,989
Other Accounts	<u>1,125</u>	<u>-</u>	<u>-</u>	<u>1,125</u>
Gross Receivables	64,165	99,639	63,177	226,981
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 64,165</u>	<u>\$ 99,639</u>	<u>\$ 63,177</u>	<u>\$ 226,981</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>\$ 427</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 427</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 559,343			\$ 559,343
Construction in Progress	31,526	\$ 230,680	\$ (262,206)	-
Total Capital Assets, Not Being Depreciated	<u>590,869</u>	<u>230,680</u>	<u>(262,206)</u>	<u>559,343</u>
Capital Assets, Being Depreciated:				
Land Improvements	96,443			96,443
Building and Building Improvements	32,800,336	293,746		33,094,082
Machinery and Equipment	1,083,868	95,476	-	1,179,344
Total Capital Assets Being Depreciated	<u>33,980,647</u>	<u>389,222</u>	<u>-</u>	<u>34,369,869</u>
Less Accumulated Depreciation for:				
Land Improvements	(96,443)			(96,443)
Building and Building Improvements	(5,322,033)	(1,086,255)		(6,408,288)
Machinery and Equipment	(1,036,504)	(18,965)	-	(1,055,469)
Total Accumulated Depreciation	<u>(6,454,980)</u>	<u>(1,105,220)</u>	<u>-</u>	<u>(7,560,200)</u>
Total Assets, Being Depreciation, Net	<u>27,525,667</u>	<u>(715,998)</u>	<u>-</u>	<u>26,809,669</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,116,536</u>	<u>\$ (485,318)</u>	<u>\$ (262,206)</u>	<u>\$ 27,369,012</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 177,860	\$ 7,702	-	\$ 185,562
Total Capital Assets Being Depreciated	<u>177,860</u>	<u>7,702</u>	<u>-</u>	<u>185,562</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(154,225)	(4,668)	-	(158,893)
Total Accumulated Depreciation	<u>(154,225)</u>	<u>(4,668)</u>	<u>-</u>	<u>(158,893)</u>
Total Capital Assets, Being Depreciated, Net	<u>23,635</u>	<u>3,034</u>	<u>-</u>	<u>26,669</u>
Business-Type Activities Capital Assets, Net	<u>\$ 23,635</u>	<u>\$ 3,034</u>	<u>\$ -</u>	<u>\$ 26,669</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Support Services	
Plant Operations and Maintenance	\$ 1,097,521
Pupil Transportation	7,699
Total Support Services	<u>1,105,220</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,105,220</u>

Business-Type Activities:

Food Service Fund	<u>\$ 4,668</u>
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E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 94,611
General Fund	Capital Projects Fund	530,525
Scholarship Trust Fund	General Fund	12
Payroll Agency Fund	General Fund	<u>2,077</u>
 Total		 <u>\$ 627,225</u>

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	Transfer In:		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Transfer Out:			
General Fund		\$ 50,000	\$ 50,000
Capital Projects Fund	\$ 1,010,097	-	1,010,097
	<u>\$ 1,010,097</u>	<u>\$ 50,000</u>	<u>\$ 1,060,097</u>

The above transfers are the result of restricted fund balance in one fund to finance expenditures in another fund.

F. Leases

Operating Leases

The District entered into a lease agreement on July 2004 with the Borough of East Rutherford for the rental of certain real property known as Riggins Field to be utilized for its Athletic Program. Total payments required under the lease are to be paid in annual installments of \$75,000. The lease expires in July 2029.

Capital Leases

The District is leasing copiers totaling \$73,681 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 73,681
	<u>\$ 73,681</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 15,201
2020	13,049
2021	11,973
2022	11,973
2023	<u>8,980</u>
Total minimum lease payments	61,176
Less: amount representing interest	<u>(190)</u>
Present value of minimum lease payments	<u>\$ 60,986</u>

G. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 139,194,270
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 139,194,270</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance,</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2018</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Capital Lease Payable	\$ 196,580	\$ 59,864	\$ 195,458	\$ 60,986	\$ 15,027
Compensated Absences	75,274	1,846	500	76,620	10,000
Net Pension Liability	<u>3,518,208</u>	<u>69,392</u>	<u>796,031</u>	<u>2,791,569</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 3,790,062</u>	<u>\$ 131,102</u>	<u>\$ 991,989</u>	<u>\$ 2,929,175</u>	<u>\$ 25,027</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the 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.

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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 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 respective insurance funds are on file with the School's Business Administrator.

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

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, 2018, 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all 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. PERS is a cost sharing multiple employer defined benefit pension plan.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage 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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, 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 ("Division"), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of \$90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 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, 2016 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 7.00 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.

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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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 <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 111,094	\$ 631,523	\$ 5,172
2017	105,531	479,433	4,547
2016	109,497	346,047	2,988

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$669 and \$0 for PERS and the State contributed \$400 and \$385, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$316,485 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$2,791,569 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportionate share was .01199 percent, which was an increase of .00011 percent from its proportionate share measured as of June 30, 2016 of .01188 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$180,486 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 65,732	
Changes of Assumptions	562,405	\$ 560,343
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	19,009	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>40,760</u>	<u>117,945</u>
Total	<u>\$ 687,906</u>	<u>\$ 678,288</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 2,656
2020	2,656
2021	2,656
2022	2,657
2023	<u>(1,007)</u>
	<u>\$ 9,618</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 3,463,131	\$ 2,791,569	\$ 2,232,075

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. 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.

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,990,851 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$28,738,398. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .04262 percent, which was a decrease of .0006 percent from its proportionate share measured as of June 30, 2016 of .04322 percent.

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
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, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 34,142,118</u>	<u>\$ 28,738,398</u>	<u>\$ 24,286,790</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>366,078</u>

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal 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, 2016, 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.

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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$407,887, \$399,476 and \$412,047, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,045,719. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$19,139,985. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .03568 percent, which was a decrease of .00015 percent from its proportionate share measured as of June 30, 2016 of .03583 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

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

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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>20,722,655</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 701,824
Interest on the Total OPEB Liability	608,955
Changes of Assumptions	(2,528,669)
Gross Benefit Payments	(378,726)
Contributions from the Member	<u>13,946</u>
Net Changes	\$ <u>(1,582,670)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>19,139,985</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>22,720,543</u>	\$ <u>19,139,985</u>	\$ <u>16,299,852</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

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

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>15,740,787</u>	\$ <u>19,139,985</u>	\$ <u>23,654,079</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Tax Abatements

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

For the Carlstadt-East Rutherford Regional Board of Education, the District's share of abated taxes resulting from the two municipalities, the Boroughs of Carlstadt and East Rutherford, having entered into tax abatement agreements is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 12,808,092		\$ 12,808,092	\$ 12,808,092	
Interest	2,000		2,000	11,053	\$ 9,053
Miscellaneous	275,460	-	275,460	490,028	214,568
Total Local Sources	<u>13,085,552</u>	<u>-</u>	<u>13,085,552</u>	<u>13,309,173</u>	<u>223,621</u>
State Sources					
Special Education Aid	299,321		299,321	317,737	18,416
Transportation Aid	33,623		33,623	33,623	
Security Aid	18,800		18,800	18,800	
PARCC Readiness Aid	5,280		5,280	5,280	
Per Pupil Growth Aid	5,280		5,280	5,280	
Professional Learning Community Aid	5,010		5,010	5,010	
Extraordinary Aid				119,200	119,200
Lead Testing State Aid				2,935	2,935
On-behalf TPAF Payments (Non-Budget)					
Pension Benefit Contribution				616,561	616,561
Pension NCGI Premium				14,962	14,962
Post Retirement Medical Benefits				407,887	407,887
Long-Term Disability Ins.				400	400
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	316,485	316,485
Total State Sources	<u>367,314</u>	<u>-</u>	<u>367,314</u>	<u>1,864,160</u>	<u>1,496,846</u>
Total Revenues	<u>13,452,866</u>	<u>-</u>	<u>13,452,866</u>	<u>15,173,333</u>	<u>1,720,467</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	3,203,969	\$ 81,821	3,285,790	3,264,026	21,764
Regular Program - Home Instruction					
Salaries of Teachers	25,000	(6,567)	18,433	18,433	-
Purchased Professional - Educational Services	17,000	4,711	21,711	16,489	5,222
Regular Programs - Undistributed Instruction					
Other Purchased Services	30,300	(27,941)	2,359	1,270	1,089
General Supplies	220,400	63,864	284,264	276,573	7,691
Textbooks	8,000	5,078	13,078	12,980	98
Other Objects	7,700	(5,284)	2,416	2,343	73
Total Regular Programs	<u>3,512,369</u>	<u>115,682</u>	<u>3,628,051</u>	<u>3,592,114</u>	<u>35,937</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Resource Room					
Salaries of Teachers	\$ 293,539	\$ 42,970	\$ 336,509	\$ 336,509	-
Other Salaries for Instruction	75,000	(37,465)	37,535	37,535	-
General Supplies	4,000	(3,468)	532	532	-
Textbooks	1,000	(1,000)	-	-	-
Other Objects	500	(500)	-	-	-
Total Resource Room	<u>374,039</u>	<u>537</u>	<u>374,576</u>	<u>374,576</u>	<u>-</u>
Total Special Education	<u>374,039</u>	<u>537</u>	<u>374,576</u>	<u>374,576</u>	<u>-</u>
Basic Skills/Remedial					
Salaries of Teachers	49,699	(49,699)	-	-	-
Total Basic Skills/Remedial	<u>49,699</u>	<u>(49,699)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	118,964	58,619	177,583	119,196	\$ 58,387
General Supplies	2,000	-	2,000	1,416	584
Textbooks	500	-	500	219	281
Other Objects	500	-	500	-	500
Total Bilingual Education	<u>121,964</u>	<u>58,619</u>	<u>180,583</u>	<u>120,831</u>	<u>59,752</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	43,000	8,952	51,952	51,952	-
Supplies and Materials	6,000	(4,186)	1,814	1,814	-
Other Objects	1,000	-	1,000	987	13
Transfers to Cover Deficit (Agency Funds)	3,000	(3,000)	-	-	-
Total School Sponsored Co/Extra Curricular Activities	<u>53,000</u>	<u>1,766</u>	<u>54,766</u>	<u>54,753</u>	<u>13</u>

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Athletics					
Salaries	\$ 258,000	-	\$ 258,000	\$ 239,998	\$ 18,002
Purchased Services	62,000	\$ (561)	61,439	40,305	21,134
Supplies and Materials	37,000	6,251	43,251	42,252	999
Other Objects	2,500	-	2,500	2,376	124
Total School Sponsored Athletics	<u>359,500</u>	<u>5,690</u>	<u>365,190</u>	<u>324,931</u>	<u>40,259</u>
Total Instruction	<u>4,470,571</u>	<u>132,595</u>	<u>4,603,166</u>	<u>4,467,205</u>	<u>135,961</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular	116,419	6,376	122,795	101,741	21,054
Tuition to Other LEAs Within the State-Special	254,752	54,371	309,123	284,442	24,681
Tuition to County Vocational School - Districts - Regular	255,528	79,218	334,746	328,814	5,932
Tuition to County Vocational School - Districts - Special	527,004	(53,148)	473,856	453,049	20,807
Tuition to County Special Services School Districts and Regional Day Schools	441,680	60,941	502,621	483,705	18,916
Tuition to APSSD W/I State	848,880	143,044	991,924	849,166	142,758
Tuition - State Facilities	18,053	-	18,053	18,053	-
Total Undistributed Expenditures - Instruction	<u>2,462,316</u>	<u>290,802</u>	<u>2,753,118</u>	<u>2,518,970</u>	<u>234,148</u>
Attendance and Social Work Services					
Salaries	65,034	(374)	64,660	64,660	-
Other Purchased Services	5,500	(4,145)	1,355	675	680
Total Attendance and Social Work Services	<u>70,534</u>	<u>(4,519)</u>	<u>66,015</u>	<u>65,335</u>	<u>680</u>
Health Services					
Salaries	112,431	2,978	115,409	115,409	-
Purchased Professional and Technical Services	92,000	(26,686)	65,314	63,770	1,544
Other Purchased Services	2,500	-	2,500	-	2,500
Supplies and Materials	3,500	-	3,500	2,154	1,346
Other Objects	400	-	400	126	274
Total Health Services	<u>210,831</u>	<u>(23,708)</u>	<u>187,123</u>	<u>181,459</u>	<u>5,664</u>
Speech, OT, PT & Related Services					
Purchased Professional-Educational Services	115,000	5,346	120,346	101,694	18,652
Total Speech, OT, PT & Related Services	<u>115,000</u>	<u>5,346</u>	<u>120,346</u>	<u>101,694</u>	<u>18,652</u>
Other Support Serv. Students- Extra Serv.					
Purchased Professional-Educational Services	62,000	(16,460)	45,540	43,645	1,895
Total Other Support Serv. Students- Extra Serv.	<u>62,000</u>	<u>(16,460)</u>	<u>45,540</u>	<u>43,645</u>	<u>1,895</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 356,217	\$ (41,726)	\$ 314,491	\$ 312,530	\$ 1,961
Salaries of Secretarial and Clerical Assistants	44,500	-	44,500	44,000	500
Purchased Professional-Educational Services	14,000	(5,052)	8,948	4,380	4,568
Other Purchased Professional and Technical Services	16,000	5,116	21,116	20,993	123
Supplies and Materials	3,000	-	3,000	2,182	818
Other Objects	300	(64)	236	122	114
Total Guidance	<u>434,017</u>	<u>(41,726)</u>	<u>392,291</u>	<u>384,207</u>	<u>8,084</u>
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	72,593	-	72,593	72,264	329
Purchased Professional-Educational Services	759,114	6,489	765,603	765,603	-
Other Purchased Professional and Technical Services	11,200	(4,800)	6,400	3,000	3,400
Supplies and Materials	1,500	-	1,500	483	1,017
Total Child Study Teams	<u>844,407</u>	<u>1,689</u>	<u>846,096</u>	<u>841,350</u>	<u>4,746</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	40,000	(40,000)	-	-	-
Total Improvement of Instructional Services	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Educational Media Services/School Library					
Salaries of Technology Coordinators	221,737	(92,836)	128,901	126,737	2,164
Purchased Professional and Technical Services	25,000	(7,570)	17,430	-	17,430
Other Purchased Services	3,500	-	3,500	2,811	689
Supplies and Materials	15,000	570	15,570	15,570	-
Other Objects	1,500	-	1,500	830	670
Total Educational Media Serv./School Library	<u>266,737</u>	<u>(99,836)</u>	<u>166,901</u>	<u>145,948</u>	<u>20,953</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	10,000	-	10,000	-	10,000
Other Purchased Services	15,000	-	15,000	6,927	8,073
Total Instructional Staff Training Services	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>6,927</u>	<u>18,073</u>

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 229,732	\$ 23,617	\$ 253,349	\$ 245,849	\$ 7,500
Legal Services	30,000	30,848	60,848	60,848	-
Audit Fees	27,000	40,923	67,923	35,923	32,000
Expenditure and Internal Control Audit Fees	2,400		2,400	2,400	-
Purchased Technical Services	700	-	700		700
Communications/Telephone	70,000	-	70,000	62,249	7,751
BOE Other Purchased Services	17,500	(15,725)	1,775	1,775	-
Misc Purchased Services	85,000	22,704	107,704	100,286	7,418
General Supplies	5,500	1,900	7,400	6,900	500
BOE In-House Training/Meeting Supplies	3,000	(1,900)	1,100		1,100
Judgments against the School District		101,367	101,367	101,367	-
Miscellaneous Expenditures	13,000	(1,568)	11,432	9,541	1,891
BOE Membership Dues and Fees	13,000	(595)	12,405	9,909	2,496
Total Support Services General Administration	496,832	201,571	698,403	637,047	61,356
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	136,000	10,010	146,010	146,010	-
Salaries of Other Professional Staff	14,000	7,000	21,000	15,860	5,140
Salaries of Secretarial and Clerical Assistants	40,765	(3,357)	37,408	37,006	402
Other Purchased Services	6,000	(5,057)	943	943	-
Supplies and Materials	9,000	4,319	13,319	13,295	24
Other Objects	3,000	3,855	6,855	6,164	691
Total Support Services School Administration	208,765	16,770	225,535	219,278	6,257
Central Services					
Salaries	244,358	1,382	245,740	245,740	-
Purchased Professional Services	12,000	-	12,000	8,904	3,096
Miscellaneous Purchased Services	7,000	(5,998)	1,002	249	753
Supplies and Materials	5,000	78	5,078	4,771	307
Interest on Current Loans	11,000	(11,000)			-
Miscellaneous Expenditures	1,500	-	1,500	1,500	-
Total Central Services	280,858	(15,538)	265,320	261,164	4,156
Admin. Info. Technology					
Salaries		98,487	98,487	98,487	
Purchased Professional Services	7,000	1,195	8,195	8,195	-
Purchased Technical Services	23,000	2,370	25,370	25,370	-
Total Admin. Info. Technology	30,000	102,052	132,052	132,052	-
Required Maintenance for School Facilities					
Salaries	164,635	6,004	170,639	170,639	-
Cleaning, Repair and Maint. Serv.	409,980	(283,510)	126,470	137,059	(10,589)
General Supplies	32,000	34,183	66,183	62,714	3,469
Other Objects	3,000	(1,621)	1,379	1,366	13
Total Required Maintenance for School Fac.	609,615	(244,944)	364,671	371,778	(7,107)

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 285,640	\$ 58,999	\$ 344,639	\$ 336,675	\$ 7,964
Cleaning, Repair and Maint. Serv.	7,000	8,651	15,651	15,651	-
Rental of Land & Building Other than Lease Purchase Agree	75,000		75,000	75,000	-
Other Purchased Property Services	25,000	(1,853)	23,147	20,513	2,634
Insurance	122,000	(2,649)	119,351	119,318	33
Miscellaneous Purchased Services	700	-	700	700	-
General Supplies	25,000	(20,592)	4,408	3,902	506
Energy (Natural Gas)	125,000	-	125,000	46,409	78,591
Energy (Electricity)	190,000	158	190,158	145,589	44,569
Total Custodial Services	855,340	42,714	898,054	763,757	134,297
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	15,000	(14,450)	550		550
Cleaning, Repair and Maint. Serv.	23,000	(23,000)			-
General Supplies	400	(300)	100		100
Other Objects	50	-	50	-	50
Total Care and Upkeep of Grounds	38,450	(37,750)	700	-	700
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School)- Regular	45,000	6,090	51,090	51,090	-
Salaries for Pupil Transportation (Between Home and School)- Spec. Ed	73,000	(2,830)	70,170	68,179	1,991
Salaries for Pupil Transportation (Other Than Between Home and School)	50,000	(44,945)	5,055	5,055	-
Cleaning, Repair and Maint. Serv.	20,000	16,260	36,260	36,260	-
Contract. Svcs. Aid in Lieu Payments - Charter School	8,000	-	8,000	6,000	2,000
Contract. Svcs. (Bet. Home & Sch) - Vendors	10,000	-	10,000	7,823	2,177
Contract. Svcs.(Bet. Home & Sch)- Joint Agrmts	20,000	(4,352)	15,648	3,560	12,088
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	315,000	83,178	398,178	397,540	638
Miscellaneous Purchased Services - Transportation	15,000	(13,404)	1,596		1,596
General Supplies	26,000	(8,361)	17,639	11,605	6,034
Transportation Supplies	15,000	(7,043)	7,957	6,831	1,126
Other Objects	700	306	1,006	1,006	-
Total Student Transportation Services	597,700	24,899	622,599	594,949	27,650
Unallocated Benefits - Employee Benefits					
Social Security Contributions	135,000		135,000	118,194	16,806
Other Retirement Contributions-PERS	118,000	(6,318)	111,682	111,094	588
Other Retirement Contributions-Regular	5,000	4,387	9,387	5,172	4,215
Unemployment Compensation	22,000	-	22,000	16,160	5,840
Workmen's Compensation	75,000		75,000	51,185	23,815
Health Benefits	1,396,075	(146,863)	1,249,212	1,151,531	97,681
Tuition Reimbursement	30,000	(18,793)	11,207	5,916	5,291
Other Employee Benefits	16,000	1,086	17,086	6,770	10,316
Total Unallocated Benefits - Employee Benefits	1,797,075	(166,501)	1,630,574	1,466,022	164,552

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
On-behalf TPAF Payments - (Non-Budget)					
Pension Benefit Contribution				\$ 616,561	\$ (616,561)
Pension NCGI Premium				14,962	(14,962)
Post Retirement Medical Benefits				407,887	(407,887)
Long Term Disability Insurance				400	(400)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	316,485	(316,485)
Total On-Behalf and Reimbursed Payments	-	-	-	1,356,295	(1,356,295)
Interest on Maintenance Reserve	1,000	-	1,000	-	1,000
Total Undistributed Expenditures	\$ 9,446,477	\$ (5,139)	\$ 9,441,338	\$ 10,091,877	\$ (650,539)
Total Expenditures - Current Expenditures	13,917,048	127,456	14,044,504	14,559,082	(514,578)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Construction Services				7,327	(7,327)
Lease Purchase Agreements - Principal	180,000	-	180,000	175,745	4,255
Total Facilities Acquisition and Construction Services	180,000	-	180,000	183,072	(3,072)
Interest on Capital Reserve	1,000	-	1,000	-	1,000
Assets Acquired Under Capital Leases (Non- Budget)					
Equipment - General Administration	-	-	-	59,864	(59,864)
Total Capital Outlay	181,000	-	181,000	242,936	(61,936)
Transfers of Funds to Charter Schools	103,651	(66,870)	36,781	130	36,651
Total Expenditures	14,201,699	60,586	14,262,285	14,802,148	(539,863)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(748,833)	(60,586)	(809,419)	371,185	1,180,604
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non-Budget)				59,864	59,864
Transfer In - Capital Projects Fund	-	-	-	1,010,097	1,010,097
Transfer Out - Food Service Fund	(5,000)	-	(5,000)	-	5,000
Transfer Out - Capital Projects Fund	-	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	(5,000)	(50,000)	(55,000)	1,019,961	1,074,961

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (753,833)	\$ (110,586)	\$ (864,419)	\$ 1,391,146	\$ 2,255,565
Fund Balance, Beginning of Year	<u>2,487,884</u>	<u>-</u>	<u>2,487,884</u>	<u>2,487,884</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,734,051</u>	<u>\$ (110,586)</u>	<u>\$ 1,623,465</u>	<u>\$ 3,879,030</u>	<u>\$ 2,255,565</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,499,344	
Capital Reserve - Designated for Subsequent Year's Expenditures				200,000	
Maintenance Reserve				525,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				100,000	
Excess Surplus				602,343	
Excess Surplus Designated for Subsequent Year's Expenditures				502,142	
Assigned					
Year-End Encumbrances				34,984	
Designated for Subsequent Year's Expenditures				27,297	
Unassigned					
				<u>387,920</u>	
Reconciliation to Governmental Funds Statements (GAAP):				3,879,030	
Less: State Aid Payments not Recognized on GAAP Basis				<u>(125,012)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,754,018</u>	

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 426	\$ 426		\$ (426)
Federal	\$ 159,000	64,357	223,357	\$ 221,395	(1,962)
Total Revenues	<u>159,000</u>	<u>64,783</u>	<u>223,783</u>	<u>221,395</u>	<u>(2,388)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	55,000	2,962	57,962	53,576	4,386
Other Purchased Services	100,000	11,685	111,685	111,685	-
General Supplies	-	2,649	2,649	4,647	(1,998)
Total Instruction	<u>155,000</u>	<u>17,296</u>	<u>172,296</u>	<u>169,908</u>	<u>2,388</u>
Support Services					
Personal Services-Employee Benefits		15,960	15,960	15,960	
Purchase Professional Educational Services	4,000	23,818	27,818	27,818	
General Supplies	-	7,709	7,709	7,709	-
Total Support Services	<u>4,000</u>	<u>47,487</u>	<u>51,487</u>	<u>51,487</u>	<u>-</u>
Total Expenditures	<u>159,000</u>	<u>64,783</u>	<u>223,783</u>	<u>221,395</u>	<u>2,388</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 15,173,333	(C-2) \$ 221,395
Difference - Budget to GAAP:		
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2016/2017 State Aid)	54,708	
State Aid payments recognized for Budgetary purposes, not recognized for GAAP statements (2017/2018 State Aid)	<u>(125,012)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>15,103,029</u>	(B-2) \$ <u>221,395</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ <u>14,802,148</u>	(C-2) \$ <u>221,395</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>14,802,148</u>	(B-2) \$ <u>221,395</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Five Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.01199	%	0.01188	%	0.01274	%	0.01283	%	0.01255	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,791,569		\$ 3,518,208		\$ 2,859,017		\$ 2,402,589		\$ 2,398,182	
District's Covered-Employee Payroll	\$ 883,124		\$ 799,117		\$ 827,948		\$ 870,268		\$ 881,888	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	316.10	%	440.26	%	345.31	%	276.07	%	271.94	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10	%	40.14	%	47.93	%	52.08	%	48.72	%

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

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

**CARLSTADT EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Five Fiscal Years

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
Contractually Required Contribution	\$ 111,094		\$ 105,531		\$ 109,497		\$ 105,789		\$ 96,047
Contributions in Relation to the Contractually Required Contribution	<u>111,094</u>		<u>105,531</u>		<u>109,497</u>		<u>105,789</u>		<u>96,047</u>
Contribution Deficiency (Excess)	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
District's Covered-Employee Payroll	\$ 883,124		\$ 799,117		\$ 827,948		\$ 870,268		\$ 881,888
Contributions as a Percentage of Covered-Employee Payroll	\$ 12.58 %		\$ 13.21 %		\$ 13.23 %		\$ 12.16 %		\$ 10.89 %

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

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%
District's Proportionate Share of the Net Pension Liability (Asset)	-		-		-		-		-	
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 28,738,398</u>		<u>\$ 34,000,640</u>		<u>\$ 26,537,917</u>		<u>\$ 23,989,774</u>		<u>\$ 22,444,712</u>	
Total	<u>\$ 28,738,398</u>		<u>\$ 34,000,640</u>		<u>\$ 26,537,917</u>		<u>\$ 23,989,774</u>		<u>\$ 22,444,712</u>	
District's Covered-Employee Payroll	\$ 4,277,660		\$ 4,364,263		\$ 4,276,160		\$ 4,332,959		\$ 4,228,545	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41	%	22.33	%	28.71	%	33.64	%	33.76	%

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

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

**CARLSTADT EAST RUTHERFORD REGIONAL 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, 2018**

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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 701,824
Interest on Total OPEB Liability	608,955
Changes of Assumptions	(2,528,669)
Gross Benefit Payments	(378,726)
Contribution from the Member	13,946
Net Change in Total OPEB Liability	(1,582,670)
Total OPEB Liability - Beginning	20,722,655
Total OPEB Liability - Ending	\$ 19,139,985
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	19,139,985
Total OPEB Liability - Ending	\$ 19,139,985
District's Covered-Employee Payroll	\$ 5,160,784
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	IDEIA Part B Basic	Title I Part A	Title II Part A	Title III Immigrant	Title IV	Total
REVENUES						
Intergovernmental						
Federal	\$ 111,685	\$ 74,288	\$ 23,818	\$ 1,604	\$ 10,000	\$ 221,395
Total Revenues	<u>\$ 111,685</u>	<u>\$ 74,288</u>	<u>\$ 23,818</u>	<u>\$ 1,604</u>	<u>\$ 10,000</u>	<u>\$ 221,395</u>
EXPENDITURES						
Instruction						
Salaries of Teachers		\$ 53,576				\$ 53,576
Other Purchased Services	\$ 111,685					111,685
General Supplies	-	4,647	-	-	-	4,647
Total Instruction	<u>111,685</u>	<u>58,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,908</u>
Support Services						
Personal Services - Employee Benefits		15,960				15,960
Purchase Professional Educational Service			\$ 23,818		\$ 4,000	27,818
Other Purchased Services						-
General Supplies	-	105	-	\$ 1,604	6,000	7,709
Total Support Services	<u>-</u>	<u>16,065</u>	<u>23,818</u>	<u>1,604</u>	<u>10,000</u>	<u>51,487</u>
Total Expenditures	<u>\$ 111,685</u>	<u>\$ 74,288</u>	<u>\$ 23,818</u>	<u>\$ 1,604</u>	<u>\$ 10,000</u>	<u>\$ 221,395</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Transfers</u>	<u>Unexpended Balance, June 30, 2018</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Port Authority of New York & New Jersey Aircraft Noise Abatement Program School Soundproofing Project H.P. Becton Regional High School Block Grant TEB 18-03	\$ 28,030,816	\$ 27,058,513		\$ 972,303	\$ -
Emergency Generator Project	<u>300,000</u>	<u>31,526</u>	<u>\$ 230,680</u>	<u>37,794</u>	<u>-</u>
Totals	<u>\$ 28,330,816</u>	<u>\$ 27,090,039</u>	<u>\$ 230,680</u>	<u>\$ 1,010,097</u>	<u>\$ -</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues and Other Financing Sources	
Transfer from Capital Reserve	\$ <u>50,000</u>
 Total Revenues	 <u>50,000</u>
 Expenditures and Other Financing Uses	
Architect/Engineer	10,946
Construction Services	219,734
Other Financing Uses - Transfer to Capital Reserve	<u>1,010,097</u>
 Total Expenditures and Other Financing Uses	 <u>1,240,777</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (1,190,777)
 Fund Balance - Beginning of Year	 <u>1,190,777</u>
 Fund Balance - End of Year	 <u>\$ -</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
NOISE ABATEMENT PROGRAM SCHOOL SOUNDPROOFING PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Federal Sources - FAA Grant	\$ 14,792,428		\$ 14,792,428	\$ 14,792,428
State Sources - SDA Grant	8,286,520		8,286,520	8,286,520
Local Sources - Port Authority of NY/NJ/Other	786,387		786,387	786,387
Transfer from Capital Reserve	4,127,263		4,127,263	4,127,263
Interest Earnings	38,218	-	38,218	38,218
	<u>28,030,816</u>	<u>-</u>	<u>28,030,816</u>	<u>28,030,816</u>
Expenditures and Other Financing Uses				
Architect Engineer	2,569,830		2,569,830	2,678,620
Construction Services	23,669,855		23,669,855	24,337,265
Furniture Equipment & Technology	409,838		409,838	563,183
Other Objects - Miscellaneous	57,242		57,242	100,000
Other Objects- Interest on Notes	351,748	-	351,748	351,748
Transfers to General Fund	-	972,303	972,303	-
	<u>27,058,513</u>	<u>972,303</u>	<u>28,030,816</u>	<u>28,030,816</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 972,303</u>	<u>\$ (972,303)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
FAA/Port Authority	TEB 18-03, 31-05, 35-06, 113-07, 48-11
Project Number	SDA 0745-050-09-OJAW
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 32,646,666
Reduced Authorized Cost	(5,588,153)
Revised Authorized Cost	27,058,513
Percentage Decrease Over Original Authorized Cost	-14.14%
Percentage Completion	100.00%
Original Target Completion Date	January 2015
Revised Target Completion Date	August 2017

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
EMERGENCY GENERATOR PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 250,000	\$ 50,000	\$ 300,000	\$ 262,206
Total Revenues	<u>250,000</u>	<u>50,000</u>	<u>300,000</u>	<u>262,206</u>
Expenditures and Other Financing Uses				
Architect Engineer	31,526	10,946	42,472	42,472
Construction Services	-	219,734	219,734	219,734
Transfers to General Fund	-	37,794	37,794	-
Total Expenditures	<u>31,526</u>	<u>268,474</u>	<u>300,000</u>	<u>262,206</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 218,474</u>	<u>\$ (218,474)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	\$ 250,000			
Increase Authorized Cost	12,206			
Revised Authorized Cost	262,206			
Percentage Completion	N/A			
Original Target Completion Date	September 2017			
Revised Target Completion Date	September 2017			

ENTERPRISE FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

AGENCY FUNDS

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activities</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 19,596	\$ 52,814	\$ 72,410
Due from Other Funds	<u>-</u>	<u>2,077</u>	<u>2,077</u>
Total Assets	<u>\$ 19,596</u>	<u>\$ 54,891</u>	<u>\$ 74,487</u>
LIABILITIES			
Accrued Salaries and Wages		\$ 3,365	\$ 3,365
Payroll Deductions and Withholdings		51,526	51,526
Due to Student Groups	<u>\$ 19,596</u>	<u>-</u>	<u>19,596</u>
Total Liabilities	<u>\$ 19,596</u>	<u>\$ 54,891</u>	<u>\$ 74,487</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2018</u>
SENIOR HIGH SCHOOL				
H.P. Becton Regional High School	\$ 20,325	\$ 93,495	\$ 95,225	\$ 18,595
ATHLETICS				
H.P. Becton Regional High School	<u>6</u>	<u>41,919</u>	<u>40,924</u>	<u>1,001</u>
Total	<u>\$ 20,331</u>	<u>\$ 135,414</u>	<u>\$ 136,149</u>	<u>\$ 19,596</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2018</u>
ASSETS				
Cash	\$ 105,009	\$ 6,451,267	\$ 6,503,462	\$ 52,814
Cash with Fiscal Agent	391	3,250	3,641	-
Due from Other Funds	<u>2,077</u>	<u>417,159</u>	<u>417,159</u>	<u>2,077</u>
 Total Assets	 <u>\$ 107,477</u>	 <u>\$ 6,871,676</u>	 <u>\$ 6,924,262</u>	 <u>\$ 54,891</u>
LIABILITIES				
Accrued Salaries and Wages	\$ 3,793	\$ 3,533,260	\$ 3,533,688	\$ 3,365
Payroll Deductions and Withholdings	103,293	3,335,166	3,386,933	51,526
Flexible Spending Deposits	<u>391</u>	<u>3,250</u>	<u>3,641</u>	<u>-</u>
 Total Liabilities	 <u>\$ 107,477</u>	 <u>\$ 6,871,676</u>	 <u>\$ 6,924,262</u>	 <u>\$ 54,891</u>

LONG-TERM DEBT

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest</u>	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Technology Upgrade	\$ 839,493	2.10%	\$ 172,130		\$ 172,130	
Copiers-2013	106,868	4.14%	17,470		17,470	
Copier-2014	13,787	4.22%	6,980		2,865	\$ 4,115
Copier-2018	59,894	0.00%	-	\$ 59,864	2,993	56,871
			<u>\$ 196,580</u>	<u>59,864</u>	<u>\$ 195,458</u>	<u>\$ 60,986</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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in capital assets	\$ 3,981,362	\$ 3,838,924	\$ 3,758,554	\$ 7,076,552	\$ 17,574,904	\$ 26,500,315	\$ 28,171,002	\$ 27,788,325	\$ 27,919,956	\$ 27,308,026
Restricted	2,579,693	3,075,823	3,590,352	2,982,122	3,117,350	2,151,663	1,599,992	1,502,566	2,230,769	2,324,344
Unrestricted	(57,231)	103,204	117,776	1,188,512	1,207,239	(1,205,715)	(1,401,461)	(1,211,729)	(1,396,155)	(1,428,897)
Total governmental activities net position	<u>\$ 6,503,824</u>	<u>\$ 7,017,951</u>	<u>\$ 7,466,682</u>	<u>\$ 11,247,186</u>	<u>\$ 21,899,493</u>	<u>\$ 27,446,263</u>	<u>\$ 28,369,533</u>	<u>\$ 28,079,162</u>	<u>\$ 28,754,570</u>	<u>\$ 28,203,473</u>
Business-type activities										
Net Investment in capital assets	\$ 48,355	\$ 67,995	\$ 58,969	\$ 49,766	\$ 40,567	\$ 31,871	\$ 23,437	\$ 31,553	\$ 23,634	\$ 26,669
Unrestricted	9,976	22,831	50,191	81,118	89,708	89,800	81,897	55,062	61,636	90,610
Total business-type activities net position	<u>\$ 58,331</u>	<u>\$ 90,826</u>	<u>\$ 109,160</u>	<u>\$ 130,884</u>	<u>\$ 130,275</u>	<u>\$ 121,671</u>	<u>\$ 105,334</u>	<u>\$ 86,615</u>	<u>\$ 85,270</u>	<u>\$ 117,279</u>
District-wide										
Net Investment in capital assets	\$ 4,029,717	\$ 3,906,919	\$ 3,817,523	\$ 7,126,318	\$ 17,615,471	\$ 26,532,186	\$ 28,194,439	\$ 27,819,878	\$ 27,943,590	\$ 27,334,695
Restricted	2,579,693	3,075,823	3,590,352	2,982,122	3,117,350	2,151,663	1,599,992	1,502,566	2,230,769	2,324,344
Unrestricted	(47,255)	126,035	167,967	1,269,630	1,296,947	(1,115,915)	(1,319,564)	(1,156,667)	(1,334,519)	(1,338,287)
Total district net position	<u>\$ 6,562,155</u>	<u>\$ 7,108,777</u>	<u>\$ 7,575,842</u>	<u>\$ 11,378,070</u>	<u>\$ 22,029,768</u>	<u>\$ 27,567,934</u>	<u>\$ 28,474,867</u>	<u>\$ 28,165,777</u>	<u>\$ 28,839,840</u>	<u>\$ 28,320,752</u>

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,037,266	\$ 5,314,920	\$ 4,742,803	\$ 4,746,730	\$ 4,889,373	\$ 5,033,334	\$ 5,722,852	\$ 6,426,622	\$ 7,247,684	\$ 7,046,759
Special Education	517,521	446,920	490,950	2,642,019	2,746,559	2,764,697	3,243,691	3,153,436	3,000,119	2,890,090
Other Instruction	124,335	215,490	256,703	298,380	229,418	172,315	197,667	208,184	230,325	232,880
School Sponsored Activities and Athletics	377,139	382,755	407,558	422,891	431,944	427,761	431,300	453,105	477,660	517,132
Support Services:										
Tuition	1,617,764	1,726,704	2,014,707							
Student & Instruction Related Services	1,064,133	1,209,012	1,317,623	1,484,121	1,483,275	1,553,049	1,644,704	1,646,036	1,951,656	2,361,810
General Administration Services	480,767	544,596	483,706	571,735	449,838	461,320	540,825	721,154	706,275	731,486
School Administrative Services	224,161	246,425	262,081	215,687	248,362	271,174	352,560	319,612	408,947	382,769
Central Services and Info. Technology	412,910	395,968	455,205	498,036	537,923	507,443	578,771	605,589	602,211	628,373
Plant Operations and Maintenance	1,041,564	1,098,538	1,154,155	1,159,180	1,238,024	1,375,347	1,713,511	2,003,097	1,556,962	2,416,386
Pupil Transportation	474,136	541,867	450,174	362,068	469,164	508,110	564,270	617,235	655,194	662,114
Interest on Long-Term Debt	5,180	4,691	3,346	1,931	504	14,602	18,575	12,022	5,037	2,882
Unallocated Depreciation	189,008	195,842	174,182							
Total governmental activities expenses	11,565,884	12,323,728	12,213,193	12,402,778	12,724,384	13,089,152	15,008,726	16,166,092	16,842,070	17,872,681
Business-type activities:										
Food service	494,342	487,781	488,913	556,895	481,547	504,397	698,665	747,239	507,928	510,074
Total business-type activities expense	494,342	487,781	488,913	556,895	481,547	504,397	698,665	747,239	507,928	510,074
Total district expenses	\$ 12,060,226	\$ 12,811,509	\$ 12,702,106	\$ 12,959,673	\$ 13,205,931	\$ 13,593,549	\$ 15,707,391	\$ 16,913,331	\$ 17,349,998	\$ 18,382,755
Program Revenues										
Governmental activities:										
Charges for Services										
Regular Instruction									\$ 141,258	\$ 89,100
Student and Instruction Related Services		\$ 90,000	\$ 90,000	\$ 93,000	\$ 86,166					
General Administrative Services					78,520	\$ 76,550				
Plant Operations and Maintenance				219,015	240,258	242,300	\$ 248,000	\$ 236,979	64,450	70,750
Transportation				105,000	104,000	105,200	108,125	115,700	122,460	115,700
Operating Grants and Contributions	\$ 863,184	944,486	920,792	1,312,693	1,458,642	1,336,900	2,554,231	2,959,095	3,852,675	3,996,562
Capital Grants		15,500	15,500	3,042,916	9,767,230	7,397,885	919,992	202,554	631,964	
Total governmental activities program revenues	863,184	1,034,486	1,026,292	4,772,624	11,734,816	9,158,835	3,830,348	3,514,328	4,812,807	4,272,112
Business-type activities:										
Charges for services										
Food Service	\$ 455,493	\$ 442,642	\$ 454,674	\$ 516,277	\$ 423,180	\$ 438,367	\$ 613,865	\$ 660,842	\$ 429,578	\$ 464,857
Operating Grants and Contributions	35,893	47,421	52,292	62,267	57,600	57,414	68,463	67,678	77,005	77,226
Total business type activities program revenues	491,386	490,063	506,966	578,544	480,780	495,781	682,328	728,520	506,583	542,083
Total district program revenues	\$ 1,354,570	\$ 1,524,549	\$ 1,533,258	\$ 5,351,168	\$ 12,215,596	\$ 9,654,616	\$ 4,512,676	\$ 4,242,848	\$ 5,319,390	\$ 4,814,195
Net (Expense)/Revenue										
Governmental activities	\$ (10,702,700)	\$ (11,289,242)	\$ (11,186,901)	\$ (7,630,154)	\$ (989,568)	\$ (3,930,317)	\$ (11,178,378)	\$ (12,651,764)	\$ (12,029,263)	\$ (13,600,569)
Business-type activities	(2,956)	2,282	18,053	21,649	(767)	(8,616)	(16,337)	(18,719)	(1,345)	32,009
Total district-wide net expense	\$ (10,705,656)	\$ (11,286,960)	\$ (11,168,848)	\$ (7,608,505)	\$ (990,335)	\$ (3,938,933)	\$ (11,194,715)	\$ (12,670,483)	\$ (12,030,608)	\$ (13,568,560)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,685,290	\$ 11,031,942	\$ 11,373,220	\$ 11,373,220	\$ 11,600,684	\$ 11,832,698	\$ 12,069,351	\$ 12,310,738	\$ 12,556,953	\$ 12,808,092
Unrestricted grants and contributions	1,374,891	597,162					10,560	10,560	15,570	15,849
Interest - Capital Reserve Funds	942	6,827	9,436	4,957	7,559	990	-	-		
Investment earnings	38,313	20,811	19,540	13,769	20,442	7,796	7,279	4,763	3,173	11,053
Miscellaneous income	301,803	176,627	250,420	18,712	13,190	33,785	14,458	35,332	128,975	214,478
Transfers		(30,000)								
Total governmental activities	12,401,239	11,803,369	11,652,616	11,410,658	11,641,875	11,875,269	12,101,648	12,361,393	12,704,671	13,049,472
Business-type activities:										
Investment earnings	215	213	281	75	158	12				
Transfers		30,000								
Total business-type activities	215	30,213	281	75	158	12	-	-	-	-
Total district-wide	\$ 12,401,454	\$ 11,833,582	\$ 11,652,897	\$ 11,410,733	\$ 11,642,033	\$ 11,875,281	\$ 12,101,648	\$ 12,361,393	\$ 12,704,671	\$ 13,049,472
Change in Net Position										
Governmental activities	\$ 1,698,539	\$ 514,127	\$ 465,715	\$ 3,780,504	\$ 10,652,307	\$ 7,944,952	\$ 923,270	\$ (290,371)	\$ 675,408	\$ (551,097)
Business-type activities	(2,741)	32,495	18,334	21,724	(609)	(8,604)	(16,337)	(18,719)	(1,345)	32,009
Total district	\$ 1,695,798	\$ 546,622	\$ 484,049	\$ 3,802,228	\$ 10,651,698	\$ 7,936,348	\$ 906,933	\$ (309,090)	\$ 674,063	\$ (519,088)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,979,693	\$ 1,553,008								
Unreserved	729,662	775,854								
Restricted			\$ 2,300,291	\$ 3,414,936	\$ 3,669,966	\$ 3,151,663	\$ 2,599,992	\$ 2,139,943	\$ 2,087,085	\$ 3,428,829
Assigned			322,136	40,972	35,932	27,925	106,021	52,359	89,468	62,281
Unassigned			250,000	250,000	250,000	262,135	266,511	272,605	256,623	262,908
Total general fund	<u>\$ 2,709,355</u>	<u>\$ 2,328,862</u>	<u>\$ 2,872,427</u>	<u>\$ 3,705,908</u>	<u>\$ 3,955,898</u>	<u>\$ 3,441,723</u>	<u>\$ 2,972,524</u>	<u>\$ 2,464,907</u>	<u>\$ 2,433,176</u>	<u>\$ 3,754,018</u>
All Other Governmental Funds										
Unreserved		\$ 972,815								
Restricted			\$ 967,925	\$ 567,186	\$ 447,384			\$ 407,574	\$ 1,190,777	-
Unassigned						\$ (22,909)	\$ (274,134)			
Total all other governmental funds	<u>\$ -</u>	<u>\$ 972,815</u>	<u>\$ 967,925</u>	<u>\$ 567,186</u>	<u>\$ 447,384</u>	<u>\$ (22,909)</u>	<u>\$ (274,134)</u>	<u>\$ 407,574</u>	<u>\$ 1,190,777</u>	<u>\$ -</u>

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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property Tax levy	\$ 10,685,290	\$ 11,031,942	\$ 11,373,220	\$ 11,373,220	\$ 11,600,684	\$ 11,832,698	\$ 12,069,351	\$ 12,310,738	\$ 12,556,953	\$ 12,808,092
Interest Earnings	39,255	27,638	28,976	18,726	28,001	8,786	7,279	4,763	3,173	11,053
Miscellaneous Income	301,803	266,627	340,420	342,727	357,448	381,285	386,357	388,011	457,143	490,028
State Sources	2,035,250	1,246,303	702,086	2,189,673	4,666,458	3,723,450	1,638,383	1,692,119	1,599,866	1,793,856
Federal Sources	202,825	295,345	234,206	2,064,909	6,233,347	4,763,065	736,291	205,002	802,002	221,395
Other Intermediate Source	-	-	-	101,027	326,067	248,270	30,460	756	23,099	-
Total revenue	13,264,423	12,867,855	12,678,908	16,090,282	23,212,005	20,957,554	14,868,121	14,601,389	15,442,236	15,324,424
Expenditures										
Instruction										
Regular Instruction	3,895,222	4,073,863	3,518,780	4,733,858	4,889,242	5,036,953	4,957,651	5,466,245	5,642,723	5,734,604
Special Education Instruction	393,106	334,341	356,168	2,642,019	2,746,559	2,764,697	3,161,424	3,066,950	2,857,127	2,749,702
Other Instruction	94,181	161,165	185,831	298,380	229,418	172,315	169,232	175,924	177,084	185,293
School Sponsored Activities and Athletics	305,904	306,436	314,943	420,262	429,221	427,491	431,030	439,660	442,698	477,078
Support Services:										
Tuition	1,617,764	1,726,704	2,014,707							
Student & Inst. Related Services	892,812	988,681	1,069,089	1,390,839	1,396,327	1,553,345	1,530,008	1,518,199	1,780,303	2,123,603
General Administrative	415,396	460,491	422,058	547,890	377,302	380,365	519,279	708,896	679,412	694,961
School Administrative Services	173,143	187,605	191,843	215,445	246,817	269,389	305,487	273,392	331,877	312,197
Central Services and Info. Tech.	340,534	315,369	352,975	506,375	545,761	509,112	540,126	554,354	509,095	535,801
Plant Operations and Maintenance	926,558	934,235	944,602	1,063,976	1,125,760	1,261,231	1,243,509	1,273,510	1,299,200	1,247,018
Pupil Transportation	422,724	482,496	384,274	346,683	453,779	492,725	555,585	601,649	636,942	636,424
Employee Benefits	1,900,972	2,233,981	2,296,378							
Capital outlay	843,797	40,166	89,585	3,460,473	10,618,249	9,815,390	1,985,004	145,846	134,045	357,696
Debt service:										
Principal				29,209	22,878	196,609	184,007	189,206	193,746	195,458
Interest and other charges	14,224			1,931	504	8,761	19,990	13,467	6,512	4,388
Total expenditures	12,236,337	12,245,533	12,141,233	15,657,540	23,081,817	22,888,383	15,602,332	14,427,298	14,690,764	15,254,223
Excess (Deficiency) of revenues over (under) expenditures	1,028,086	622,322	537,675	432,742	130,188	(1,930,829)	(734,211)	174,091	751,472	70,201
Other Financing sources (uses)										
Capital Lease Proceeds						946,361	13,787			59,864
Transfers in	3,306	1,000,000			707,017	1,000,000	800,000	625,000	250,000	1,060,097
Transfers out	(3,306)	(1,030,000)			(707,017)	(1,000,000)	(800,000)	(625,000)	(250,000)	(1,060,097)
Total other financing sources (uses)	-	(30,000)	-	-	-	946,361	13,787	-	-	59,864
Net change in fund balances	\$ 1,028,086	\$ 592,322	\$ 537,675	\$ 432,742	\$ 130,188	\$ (984,468)	\$ (720,424)	\$ 174,091	\$ 751,472	\$ 130,065
Debt service as a percentage of noncapital expenditures	0.12%	0.00%	0.00%	0.26%	0.19%	1.57%	1.50%	1.42%	1.38%	1.34%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Athletic Receipts</u>	<u>E-Rate Reimb</u>	<u>Transportation Jointures</u>	<u>Rentals</u>	<u>Refunds</u>	<u>Tuition</u>	<u>Insurance Settlement</u>	<u>Books and Other Fines</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 12,735		\$ 67,200	\$ 146,300				\$ 1,822	\$ 1,183	\$ 229,240
2010	10,118		87,486	160,425				315		258,344
2011	10,674		92,225	235,690				820		339,409
2012	8,133		105,000	219,015				1,405	9,174	342,727
2013	8,898	\$ 960	104,000	240,258				815	2,517	357,448
2014	9,621	14,418	105,200	242,300				1,431	8,315	381,285
2015	9,210		108,125	248,000					5,248	370,583
2016			115,700	236,979	\$ 29,422				5,910	388,011
2017			122,460	64,450	46,198	\$ 141,258	\$ 75,000		7,777	457,143
2018			115,700	70,750	58,721	89,100	125,000		30,757	490,028

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

Borough of Carlstadt

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
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	\$ 0.595
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	0.635
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	0.617
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	2,147,168,033	0.634
2013 (A)	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	0.297
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	0.306
2015	33,288,000	512,603,600	361,637,400	1,083,418,000	12,497,700	2,003,444,700	3,817,993	2,007,262,693	2,058,775,005	0.316
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	0.364
2017 (B)	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	0.324
2018	25,142,600	558,268,800	376,844,900	1,279,654,400	12,256,700	2,252,167,400	3,837,014	2,256,004,414	2,327,118,392	0.322

Borough of East Rutherford

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2009	\$ 21,340,200	\$ 281,850,450	\$ 248,793,300	\$ 287,310,100	\$ 59,773,100	\$ 899,069,159	\$ 1,869,582	\$ 900,938,741	\$ 2,127,370,972	\$ 0.587
2010 (C)	24,087,200	620,913,200	549,450,100	691,428,800	132,949,800	2,018,831,110	4,629,139	2,023,460,249	2,348,978,853	0.262
2011	30,169,900	620,286,300	535,068,700	688,918,800	130,562,300	2,005,008,011	4,220,950	2,009,228,961	2,409,474,206	0.280
2012	29,994,900	620,953,700	528,271,700	681,675,500	128,040,300	1,988,936,100	4,142,893	1,993,078,993	2,414,475,439	0.288
2013	28,711,500	620,449,400	527,779,400	664,250,800	128,040,300	1,969,231,400	4,040,959	1,973,272,359	2,387,996,042	0.297
2014	29,874,100	619,122,800	420,711,800	633,342,200	128,040,300	1,851,091,200	3,752,509	1,854,843,709	1,897,754,949	0.318
2015	33,244,900	620,552,400	418,328,100	647,161,000	126,574,700	1,845,861,100	3,687,646	1,849,548,746	2,174,418,518	0.323
2016	32,423,900	619,817,100	476,992,500	633,405,000	126,427,400	1,889,065,900	4,161,949	1,893,227,849	2,174,965,200	0.283
2017	33,919,400	620,007,200	390,632,800	632,456,800	190,853,400	1,867,869,600	4,069,535	1,871,939,135	2,502,356,056	0.294
2018	38,695,300	701,720,900	495,793,000	599,137,100	255,007,700	2,090,354,000	4,657,962	2,095,011,962	2,037,938,982	0.268

Source: Municipal Tax Collector

(A) Carlstadt underwent a revaluation of property effective January 1, 2013.

(B) Carlstadt conducted a reassessment of property effective January 1, 2017.

(C) East Rutherford underwent a revaluation of property effective January 1, 2010.

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

Borough of Carlstadt

Calendar Year	Total Direct School Tax Rate Regional School	Overlapping Rates				Total Direct and Overlapping Tax Rate
		Local School	Borough of Carlstadt	Municipal Library	County	
2009	\$ 0.595	\$ 1.041	\$ 1.688		\$ 0.504	\$ 3.828
2010	0.635	1.091	1.727		0.548	4.001
2011	0.617	1.136	1.685	\$ 0.083	0.495	4.016
2012	0.634	1.169	1.767	0.078	0.497	4.145
2013 (A)	0.297	0.553	0.880	0.033	0.219	1.982
2014	0.306	0.565	0.884	0.031	0.205	1.991
2015	0.316	0.578	0.896	0.034	0.246	2.070
2016	0.364	0.596	0.869	0.036	0.261	2.126
2017 (B)	0.324	0.538	0.763	0.034	0.247	1.906
2018	0.322	0.533	0.780	0.048	0.239	1.922

Borough of East Rutherford

Calendar Year	Total Direct School Tax Rate Regional School	Overlapping Rates				Total Direct and Overlapping Tax Rate
		Local School	Borough of East Rutherford	Municipal Library	County	
2009	\$ 0.587	\$ 1.363	\$ 0.688		\$ 0.446	\$ 3.084
2010 (C)	0.262	0.644	0.424		0.222	1.552
2011	0.280	0.661	0.424	\$ 0.032	0.221	1.618
2012	0.288	0.675	0.502	0.033	0.237	1.735
2013	0.297	0.704	0.532	0.033	0.279	1.845
2014	0.318	0.762	0.556	0.034	0.234	1.904
2015	0.323	0.779	0.545	0.039	0.281	1.967
2016	0.283	0.783	0.532	0.034	0.313	1.945
2017	0.294	0.843	0.570	0.038	0.329	2.074
2018	0.268	0.789	0.497	0.033	0.191	1.778

Source: Municipal Tax Collector

- (A) Carlstadt underwent a revaluation of property effective 2013.
(B) Carlstadt conducted a reassessment of property effective January 1, 2017.
(C) East Rutherford underwent a revaluation of property effective January 1, 2010.

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

Taxpayer	Borough of Carlstadt			
	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 307,637,100	13.6%		
AMB	117,024,500	5.2%		
Trans Con Pipe Line	54,190,200	2.4%		
Prologis	50,025,100	2.2%		
Icons US Industrial	48,256,100	2.1%		
Starke Commercial Center	35,083,000	1.6%		
I&G Direct	34,257,000	1.5%		
Plank Pat. Realty	22,003,800	1.0%		
455 16th St. LLC	19,390,000	0.9%		
Thumann, Inc.	12,551,500	0.6%		
Individual Taxpayer			\$ 98,117,300	10.10%
Trans Con Pipe Line			43,926,600	4.55%
Prologis Trust			42,153,000	4.37%
AMB Properties			41,918,200	4.34%
Barell Assoc.			8,749,200	0.91%
Plank Pat. Realty			8,507,000	0.88%
455 Sixteenth St.			7,750,000	0.80%
A.G. Holdings			5,825,000	0.60%
Kindergan			5,400,000	0.56%
Individual Tax Payers			2,000,000	0.21%
	<u>\$ 700,418,300</u>	<u>31.05%</u>	<u>\$ 264,346,300</u>	<u>27.33%</u>

Taxpayer	Borough of East Rutherford			
	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 221,810,800	10.59%	\$ 94,250,000	10.46%
One Met Center LLC	114,768,200	5.48%		
Waterside Gardens at Brick LLC	89,558,200	4.27%		
ML Plaza Owner	46,110,800	2.20%		
201 Railroad Avenue LLC	41,645,400	1.99%		
Liberty Terrace	36,073,200	1.72%		
Honeywell International Inc	32,001,200	1.53%		
Brancasons	27,873,600	1.33%		
East Rutherford Hotel, LLC	22,314,700	1.07%		
Liberty Commons	21,500,000	1.03%		
SPUSV5 One Meadowlands LP			47,500,000	5.27%
Vornado Realty Trust			32,923,000	3.65%
BPG Hotel XVII c/o Sheraton			27,500,000	3.05%
Branca Properties			25,714,000	2.85%
Liberty Commons			14,150,000	1.57%
Avalon NJ Value II LLC			14,000,000	1.55%
Liberty Terrace			11,356,000	1.26%
East Rutherford (Lodging Residence Inn)			10,400,000	1.15%
BRE/HV Properties (Homestead Village)			8,380,500	0.93%
	<u>\$ 653,656,100</u>	<u>31.20%</u>	<u>\$ 286,173,500</u>	<u>21.28%</u>

Note: 2008 Principal Property Taxpayers was not available for the Borough of East Rutherford. Only 2009 information was available.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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	
2009	\$ 10,685,290	\$ 10,685,290	100.00%	
2010	11,031,942	11,031,942	100.00%	
2011	11,373,220	11,373,220	100.00%	
2012	11,373,220	10,425,452	91.67%	\$ 947,768
2013	11,600,684	11,600,684	100.00%	
2014	11,832,698	11,832,698	100.00%	
2015	12,069,351	12,069,351	100.00%	
2016	12,310,738	11,782,250	100.00%	528,488
2017	12,556,953	12,556,953	100.00%	
2018	12,808,092	12,808,092	100.00%	

Source: District Records

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Population	Per Capita
	General Obligation Bonds	Grant Anticipation Notes	Capital Leases			
2009			\$ 106,330	\$ 106,330	14,844	\$ 7
2010			79,881	79,881	15,057	5
2011			52,087	52,087	15,140	3
2012		\$ 4,000,000	22,878	4,022,878	15,297	263
2013		6,000,000	-	6,000,000	15,947	376
2014		6,000,000	749,752	6,749,752	16,046	421
2015		3,000,000	579,532	3,579,532	15,443	232
2016			390,326	390,326	16,105	24
2017			196,580	196,580	16,242	12
2018			60,986	60,986	16,242 (E)	4

Source: District records

E - Estimate

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	N/A				
2010	N/A				
2011	N/A				
2012	N/A				
2013	N/A				
2014	N/A				
2015	N/A				
2016	N/A				
2017	N/A				
2018	N/A				

N/A - Not Applicable

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2017
 (Unaudited)**

Total Direct Debt of Carlstadt-East Rutherford Regional Board of Education as of June 30, 2018		-
Total Direct Debt of School District		-
Municipal Debt: (1)		
Borough of Carlstadt	\$	15,788,107
Carlstadt Public Schools K-8		15,155,000
Borough of East Rutherford		32,308,861
East Rutherford Public Schools K-8		3,756,000
Bergen County:		
County of Bergen (A)		35,215,708
Bergen County Utilities Authority (B)		5,063,302
 Total Overlapping Debt		 107,286,978
 Total Direct and Overlapping Debt		 \$ 107,286,978

Source:

(1) Borough of Carlstadt's and East Rutherford's 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt and East Rutherford by dividing the municipality's 2017 equalized value by the total 2017 equalized value for Bergen County.

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2018			
	Borough of Carlstadt Equalized	Borough of East Rutherford Equalized	Combined Equalized
Year	Valuation Basis	Valuation Basis	Valuation Basis
2017	3,295,059,091	2,063,032,472	5,358,091,563
2016	2,288,763,255	2,105,512,595	4,394,275,850
2015	2,194,353,450	1,972,706,102	4,167,059,552
			<u>\$ 13,919,426,965</u>
	Average equalized valuation of taxable property		\$ 4,639,808,988
	Debt limit (3 % of average equalization value)		139,194,270
	Total Net Debt Applicable to Limit		-
	Legal debt margin		<u>\$ 139,194,270</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
Debt Limit	\$ 122,804,727	\$ 132,359,439	\$ 134,851,867	\$ 130,593,244	\$ 123,744,593	\$ 119,037,294	\$ 119,765,859	\$ 121,961,625	\$ 127,707,981	\$ 139,194,270
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 122,804,727</u>	<u>\$ 132,359,439</u>	<u>\$ 134,851,867</u>	<u>\$ 130,593,244</u>	<u>\$ 123,744,593</u>	<u>\$ 119,037,294</u>	<u>\$ 119,765,859</u>	<u>\$ 121,961,625</u>	<u>\$ 127,707,981</u>	<u>\$ 139,194,270</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Borough of Carlstadt

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	6,059	\$ 64,388	7.00%
2010	6,134	65,486	7.20%
2011	6,168	66,096	7.10%
2012	6,319	69,919	7.20%
2013	6,214	69,495	8.80%
2014	6,248	73,536	6.60%
2015	6,279	75,849	5.60%
2016	6,249	77,187	5.60%
2017	6,314	77,187 (E)	5.00%
2018	6,314 (E)	77,187 (E)	5.00%

Borough of East Rutherford

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	8,785	\$ 64,388	10.70%
2010	8,923	65,486	11.00%
2011	8,972	66,096	10.80%
2012	8,978	69,919	11.00%
2013	9,733	69,495	5.20%
2014	9,798	73,536	5.90%
2015	9,164	75,849	4.90%
2016	9,856	77,187	4.90%
2017	9,928	77,187 (E)	3.80%
2018	9,928 (E)	77,187 (E)	3.80%

(E) Estimated

Source: New Jersey State Department of Education

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Borough of Carlstadt

<u>Employer</u>	<u>2018</u>		<u>2009</u>		<u>% of Total Municipal Employment</u>
	<u>Employees</u>	<u>% of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	

INFORMATION NOT AVAILABLE

Borough of East Rutherford

<u>Employer</u>	<u>2018</u>		<u>2009</u>		<u>% of Total Municipal Employment</u>
	<u>Employees</u>	<u>% of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	

INFORMATION NOT AVAILABLE

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

<u>Function/Program</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>	<u>2018</u>
Instruction										
Regular	43.9	43.9	40.0	41	41	39	39	39	39	38
Special Education	4.0	4.0	4.0	4	4	4	4	4	4	3
Support Services:										
Student & instruction related services	4.0	4.0	3.0	3	3	3	3	3	4	4
General administration	2.0	2.0	3.0	3	3	3	3	3	3	3
School administrative services	4.0	4.0	3.0	3	3	3	3	3	3	3
Central services	3.0	3.0	3.0	3	3	3	3	3	3	3
Plant operations and maintenance	3.0	3.0	4.0	4	4	4	4	4	5	5
Pupil transportation	2.0	2.0	2.0	2	2	2	1	1	0	
Total	<u>65.9</u>	<u>65.9</u>	<u>62.0</u>	<u>63.0</u>	<u>63.0</u>	<u>61.0</u>	<u>60.0</u>	<u>60.0</u>	<u>61.0</u>	<u>58.5</u>

Source: District Personnel Records

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	High School				
2009	506	\$ 11,378,316	\$ 22,487	9.07%	51.9	1:10	493.2	465.6	-5.70%	94.40%
2010	534	12,205,367	22,856	1.64%	51.9	1:10	493.6	462.1	0.08%	93.62%
2011	521	12,050,648	23,130	1.20%	47.0	1:10	485.0	451.9	-1.74%	93.18%
2012	526	12,165,927	23,151	0.09%	45.0	1:11	484.8	455.4	-0.04%	93.94%
2013	543	12,440,186	22,910	-1.04%	45.0	1:12	492.6	467.9	1.61%	94.99%
2014	543	12,867,623	23,697	3.44%	43.0	1:12	492.5	467.7	-0.02%	94.96%
2015	529	13,413,331	25,356	10.68%	44.0	1:12	484.5	456.6	-1.64%	94.24%
2016	503	14,078,779	28,017	22.29%	43.0	1:12	457.5	432.1	-7.13%	94.45%
2017	503	14,356,461	28,570	20.56%	43.0	1:12	471.0	445.0	-4.37%	94.48%
2018	522	14,696,681	28,155	11.04%	43.5	1:12	476.0	450.0	-1.75%	94.54%

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-EAST RUTHERFORD REGIONAL 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>	<u>2018</u>
High School											
Becton Regional High School											
Square Feet	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849
Capacity (students)	800	800	800	800	800	800	800	800	800	800	800
Enrollment	549	506	534	521	526	543	543	529	503	503	522

Number of Schools at June 30, 2018
High School = 1

Source: District Records

CARLSTADT-EAST RUTHERFORD REGIONAL 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>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>	<u>2018</u>
School Facilities										
Becton Regional High School	\$ 253,506	\$ 249,600	\$ 237,357	\$ 214,854	\$ 212,482	\$ 301,732	\$ 317,593	\$ 281,404	\$ 320,246	\$ 371,778
Grand Total	<u>\$ 253,506</u>	<u>\$ 249,600</u>	<u>\$ 237,357</u>	<u>\$ 214,854</u>	<u>\$ 212,482</u>	<u>\$ 301,732</u>	<u>\$ 317,593</u>	<u>\$ 281,404</u>	<u>\$ 320,246</u>	<u>\$ 371,778</u>

Source: District Records

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2018
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property - Blanket Building & Contents	\$ 36,986,770	\$ 5,000
Earthquake Damage	5,000,000	50,000
Flood Damage - Outside Flood Zone	5,000,000	50,000
Flood Damage - Inside Flood Zone	1,000,000	50,000
Comprehensive General Liability (Each Occurrence/Aggregate)	1,000,000/2,000,000	1,000
Excess Umbrella Liability - (excess of \$1,000,000)	9,000,000	10,000
Comprehensive Automobile Liability	1,000,000	1,000
Building Ordinance Costs-Demolition Costs and Cost of Construction - each	2,000,000	1,000
Systems Power (Boiler and Machinery)	250,000	5,000
Abuse or Molestation Occurrence Liability	1,000,000	1,000
Computer Equipment	2,500,000	5,000
Valuable Papers	5,000,000	1,000
Contractors Equipment	250,000	1,000
Cameras and Audio Visual Equipment	250,000	1,000
Musical Instruments and Related Equipment	250,000	1,000
Unscheduled Miscellaneous Property	100,000	1,000
Employee Dishonesty and Faithful Performance-Per Employee	100,000	5,000
-Per Loss	500,000	100,000
Computer Fraud	100,000	1,000
Funds Transfer Fraud	100,000	1,000
Forgery and Alteration	100,000	1,000
Pesticide and Herbicide Applicator	1,000,000	1,000
Employee Benefits:		
Each Loss	1,000,000	1,000
Aggregate	2,000,000	1,000
Educator's Legal Liability-Greenwich Insurance Co.	1,000,000	5,000
Public/Educational Entity Pollution Liability - Ace American Insurance Co. (Per Condition/Pool Aggregate)	1,000,000/20,000,000	15,000
Excess Umbrella Liability - Fireman's Fund (excess of \$10,000,000)	50,000,000	
Public Employee Surety Bonds-Travelers Casualty and Surety Company of America		
Treasurer of School Moneys	200,000	
Board Secretary/School Business Administrator	200,000	
Blanket Accident Insurance for Full-Time Employees-Gerber Life Insurance Co.		
Each Loss	100,000	
Aggregate	500,000	
Workers' Compensation-Safety National Insurance Company	Statutory	
Excess Workers' Compensation	1,000,000	350,000
Student Accident - National Union Fire Insurance Company of Pittsburgh, PA	5,000,000	
Student Catastrophic-National Union Fire Insurance Company of Pittsburgh, PA	6,000,000	25,000
Volunteer Workers Accident & Health-United States Fire Insurance Company	5,000,000	

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 JANACBK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Carlstadt-East Rutherford Regional Board of Education
East Rutherford, 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-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Carlstadt-East Rutherford Regional Board of Education's basic financial statements and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Carlstadt-East Rutherford Regional 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-East Rutherford Regional Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carlstadt-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 18, 2019.

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-East Rutherford Regional 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-East Rutherford Regional Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leach, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
January 18, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER F. 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. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Carlstadt-East Rutherford Regional Board of Education
East Rutherford, New Jersey

Report on Compliance for Each Major State Program

We have audited the Carlstadt-East Rutherford Regional Board of Education's compliance with the types of compliance requirements described in New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Carlstadt-East Rutherford Regional Board of Education's major state programs for the fiscal year ended June 30, 2018. The Carlstadt-East Rutherford Regional 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-East Rutherford Regional 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, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Carlstadt-East Rutherford Regional 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-East Rutherford Regional Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Carlstadt-East Rutherford Regional 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, 2018.

Report on Internal Control Over Compliance

Management of the Carlstadt-East Rutherford Regional 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-East Rutherford Regional 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 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-East Rutherford Regional Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

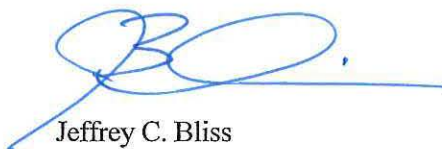
Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

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-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2018 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 January 18, 2019, 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

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 18, 2019

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Carryover Amount		Cash Received	Budgetary Expenditures	Adjustments	June 30, 2018		Due to Grantor at June 30, 2018	MEMO GAAP Receivable
							A/R	Def. Revenue				(Account Receivable)	Unearned Revenue		
U.S. Department of Agriculture															
Passed-through State Department of Education															
Enterprise Fund															
National School Lunch Program															*
Non-Cash Assistance (Food Distribution)	10.555	181NJ304N1099	N/A	07/1/17-6/30/18	\$ 15,840				\$ 15,840	\$ 15,379		\$ 461		*	
Non-Cash Assistance (Food Distribution)	10.555	171NJ304N1099	N/A	07/1/16-6/30/17	21,595	\$ 746				746				*	
Cash Assistance	10.555	181NJ304N1099	N/A	07/1/17-6/30/18	54,164				51,993	54,164		\$ (2,171)		\$ (2,171)	
Cash Assistance	10.555	171NJ304N1099	N/A	07/1/16-6/30/17	49,677	(1,790)			1,790					*	
National School Breakfast Program															*
Cash Assistance	10.553	181NJ304N1099	N/A	07/1/17-6/30/18	5,373				4,971	5,373		(402)		(402)	
Cash Assistance	10.553	171NJ304N1099	N/A	07/1/16-6/30/17	5,214	(379)			379						
Total Child Nutrition Program Cluster / Enterprise Fund						(1,423)			74,973	75,662		(2,573)	461		(2,573)
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue															
Title I A	84.010	S010A1700030	ESEA4010013	9/1/17-6/30/18	73,065	-	-	-	-	74,288	1,223	(73,065)	-	-	(73,065)
						-	-	-	-	74,288	1,223	(73,065)	-	-	(73,065)
Title II A	84.367A	S367A1700029	ESEA153008	9/1/17-6/30/18	13,764		\$ (10,054)	10,054		23,818		(23,818)	-	-	(23,818)
Title II A	84.367A	S367A1600029	NCLB153008	9/1/16-6/30/17	10,054	2,524	10,054	(10,054)						2,524	
						2,524				23,818		(23,818)		2,524	(23,818)
Title III, Immigrant	84.365	S335A1700030	ESEA153004	9/1/17-6/30/18	1,604		(1,604)	1,604	1,604	1,604					
Title III, Immigrant	84.365	S335A1600030	NCLB153004	9/1/16-6/30/17	1,604		1,604	(1,604)							
Title III, Immigrant	84.365	S335A1500030	NCLB153004	9/1/15-6/30/16	2,596	(1,533)						(1,533)			(1,533)
						(1,533)			1,604	1,604		(1,533)			(1,533)
Title IV	84.424	S424A170031	ESEA031345	9/1/17-6/30/18	10,000				10,000	10,000					
I.D.E.I.A Part B, Basic Regular	84.027	H027A160100	FT-1530-13	9/1/17-6/30/18	111,685				111,685	111,685					
									111,685	111,685					
Total Special Revenue Fund						991			123,289	221,395	1,223	(98,416)		2,524	(98,416)
Total Federal Awards						\$ (432)	\$ -	\$ -	\$ 198,262	\$ 297,057	\$ 1,223	\$ (100,989)	\$ 461	\$ 2,524	\$ (100,989)

The Federal Award programs were not subject to a Single Audit in accordance with U.S. Uniform Guidance.
See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Cash Received	Budgetary Expenditures	Balance, June 30, 2018			MEMO	
							(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education											
<u>General Fund</u>											
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 317,737		\$ 312,950	\$ 317,737	\$ (4,787)				\$ 317,737
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	299,321	\$ (9,877)	9,877						
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	18,800		18,517	18,800	(283)				18,800
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	18,800	(620)	620						
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	5,280		5,200	5,280	(80)				5,280
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	5,280	(174)	174						
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	5,280		5,200	5,280	(80)				5,280
Per Pupil Growth Aid	17-495-034-5120-097	07/1/16-6/30/17	5,280	(174)	174						
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	5,010		4,935	5,010	(75)	-	-	-	5,010
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	5,010	(166)	166	-	-	-	-	-	-
Total State Aid Public Cluster				(11,011)	357,813	352,107	(5,305)	-	-	-	352,107
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	33,623		33,116	33,623	(507)				33,623
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	33,623	(1,110)	1,110						
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	119,200			119,200	(119,200)				119,200
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	42,587	(42,587)	42,587						
Lead Testing for Schools Aid	18-495-034-5120-102	7/1/17-6/30/18	2,935		2,935	2,935					2,935
TPAF Pension Benefit Contributions	18-495-034-5094-002	7/1/17-6/30/18	616,561		616,561	616,561					616,561
TPAF Pension - NCGI Premium	18-100-034-5094-004	7/1/17-6/30/18	14,962		14,962	14,962					14,962
TPAF-Post Retirement Medical Benefits	18-100-034-5094-001	7/1/17-6/30/18	407,887		407,887	407,887					407,887
TPAF-Long Term Disability Insurance	18-100-034-5094-004	7/1/17-6/30/18	400		400	400					400
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	316,485	-	316,485	316,485	-	-	-	-	316,485
Total General Fund				(54,708)	1,793,856	1,864,160	(125,012)	-	-	-	1,864,160
State Department of Agriculture											
<u>Enterprise Fund</u>											
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	1,564		1,503	1,564	(61)			\$ (61)	1,564
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	1,265	(47)	47	-	-	-	-	-	-
Total Enterprise Fund				(47)	1,550	1,564	(61)	-	-	-	1,564
Total State Financial Assistance Subject to Single Audit Determination				(54,755)	1,795,406	1,865,724	(125,073)	-	-	-	1,865,724
State Financial Assistance Not Subject to Major Program Determination											
<u>General Fund</u>											
TPAF Pension Benefit Contributions	17-495-034-5094-002	7/1/16-6/30/17	462,669		(616,561)	(616,561)					(616,561)
TPAF Pension - NCGI Premium	17-100-034-5094-004	7/1/16-6/30/17	16,764		(14,962)	(14,962)					(14,962)
TPAF-Post Retirement Medical Benefits	17-100-034-5094-001	7/1/16-6/30/17	399,476		(407,887)	(407,887)					(407,887)
TPAF-Long Term Disability Insurance	17-100-034-5094-004	7/1/16-6/30/17	385		(400)	(400)					(400)
Total State Financial Assistance Subject to Major Program Determination				\$ (54,755)	\$ 755,596	\$ 825,914	\$ (125,073)	\$ -	\$ -	\$ -	\$ 825,914

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Carlstadt-East Rutherford Regional 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 \$70,304 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		\$ 1,793,856	\$ 1,793,856
Special Revenue Fund	\$ 221,395		221,395
Food Service Fund	<u>75,662</u>	<u>1,564</u>	<u>77,226</u>
Total Financial Assistance	<u>\$ 297,057</u>	<u>\$ 1,795,420</u>	<u>\$ 2,092,477</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$316,485 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$631,523 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$407,887 and TPAF Long-Term Disability Insurance in the amount of \$400 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor's Results

Financial Statement Section

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 were not considered to be material weaknesses?	_____ yes	<u> X </u> no
Noncompliance material to the basic financial statements noted?	_____ yes	<u> X </u> no

Federal Awards Section

Not Applicable

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified _____ yes X no

(2) Significant deficiency identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08? _____ yes X no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>18-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 STATE AWARDS

There are none.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.