

**CARLSTADT BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Carlstadt, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Carlstadt Board of Education  
Carlstadt, New Jersey  
For The Fiscal Year Ended June 30, 2019**

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**



# Carlstadt Public School

550 Washington Street  
Carlstadt, NJ 07072

Megan S. Slamb, MBA,SFO  
Business Administrator/Board Secretary

PH: 201.672.3000  
FAX: 201.672.9845

November 25, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Carlstadt Board of Education for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Carlstadt Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments and the U.S. Uniform Guidance and the State Treasury Circular Letter 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2018-2019 fiscal year with an average daily enrollment of 549 students, which is 8 students more than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last ten years.

Fiscal	Average	Percent
<u>Year</u>	<u>Daily</u>	<u>Change</u>
	<u>Enrollment</u>	
2018-19	549	1.47%
2017-18	541	1.12%
2016-17	535	(5.14) %
2015-16	559	(1.74)%
2014-15	574	(3.04)%
2013-14	592	(1.17)%
2012-13	599	3.28%
2011-12	580	(2.03) %
2010-11	592	2.96%
2009-10	575	(1.20)%

2) ECONOMIC CONDITION AND OUTLOOK: Developmentally the Carlstadt area in general has leveled off and industrial growth is rather minimal. A commercial initiative is possible in the neighboring community of East Rutherford. It is projected that this project will take anywhere from 1 to 3 years to complete. The project should provide a number of job opportunities for people in the neighboring communities, including Carlstadt. The District does not anticipate any real change in the student population as a result of this commercial venture.

### 3) MAJOR INITIATIVES:

During the 2018-2019 school year several major initiatives were undertaken. We completed a Site Work project this summer, which included infrastructure upgrades to four main areas at the exterior of the building. We also made multiple maintenance related upgrades to improve the function and longevity of various internal systems (i.e. security, phone systems, and HVAC) and the overall interior of the building. Additional security cameras were installed to improve oversight and communication between the school, community and police department. We anticipate lighting upgrades/replacements in several areas of the building, and upgrade of the main playground, upgrades to entry security, and possible security window film for all interior doors in the next budget cycle.

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

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, Special Revenue Fund and Debt Service Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2019.

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

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

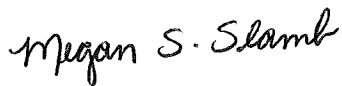
8) RISK MANAGEMENT: The Board carried various forms of insurance, including but not limited to general liability, automobile liability, hazard and theft insurance on property and contents, and fidelity bonds.

9) OTHER INFORMATION: State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Lerch, Vinci, and Higgins, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended and the related U.S. Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

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

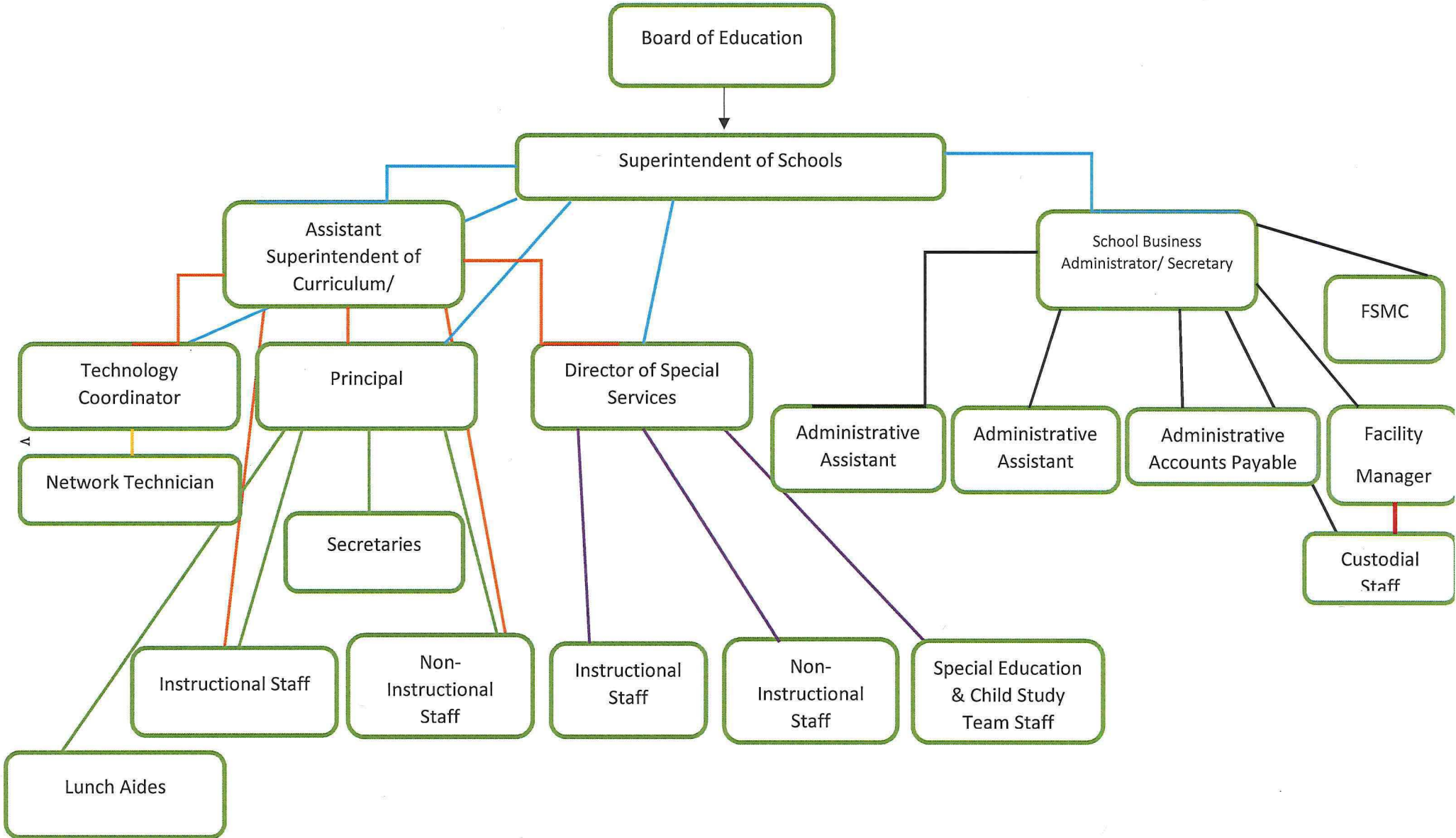
Respectfully submitted,



Megan S. Slamb, MBA, SFO

Business Administrator/Board Secretary

1110 ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Thomas J. Cox, Jr, President	2020
Massimo Offreda, Vice President	2019
Marc Christiano	2020
Frank Ficetola	2019
Jose Figueroa	2019
Maria McNeal	2021
Lori Nunziato	2021
Henry Riveros	2019
Abhishake Shah	2021

Other Officials

Stephen Kollinok, Superintendent of Schools

Megan S. Slamb, Business Administrator/Board Secretary

Jeff Merlino, Board Attorney

**CARLSTADT BOARD OF EDUCATION  
Consultants and Advisors**

**Audit Firm**

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

**Attorney**

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

**Insurance Counselor**

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

**Official Depository**

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

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education, as of and for the fiscal year ended June 30, 2019 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 Board of Education as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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 Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carlstadt Board of Education.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2019 on our consideration of the Carlstadt Board of Education’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carlstadt Board of Education’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt Board of Education’s internal control over financial reporting and compliance.



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



Andrew D. Parente  
Public School Accountant  
PSA Number CS002246

Fair Lawn, New Jersey  
November 25, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

This discussion and analysis of the Carlstadt School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2019. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2018-2019) and the prior year (2017-2018) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2018-2019 fiscal year include the following:

- The assets and deferred outflows of resources of the Carlstadt Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$11,891,787 (net position).
- General revenues accounted for \$12,515,484 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,788,819 or 23 percent of total revenues of \$16,304,303.
- The School District had \$14,642,728 in expenses; only \$3,788,819 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,515,484 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$13,075,134 in revenues and \$12,221,531 in expenditures. The General Fund's fund balance increased by \$853,603 from \$5,562,769 at June 30, 2018 to \$6,416,372 at June 30, 2019.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending balance of \$6,416,372. The combined fund balance increased by \$853,603 from the prior year.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2019?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds**

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

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

**Enterprise Fund**

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

**The District as a Whole**

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

The following provides a summary of the District's net position as of June 30, 2019 and 2018, respectively.

Statement of Net Position  
as of June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>						
Current Assets	\$ 6,695,349	\$ 5,761,321	\$ 132,739	\$ 129,760	\$ 6,828,088	\$ 5,891,081
Capital Assets, net of accumulated depreciation	<u>22,606,395</u>	<u>22,826,663</u>	<u>11,758</u>	<u>17,923</u>	<u>22,618,153</u>	<u>22,844,586</u>
<b>Total Assets</b>	<u>29,301,744</u>	<u>28,587,984</u>	<u>144,497</u>	<u>147,683</u>	<u>29,446,241</u>	<u>28,735,667</u>
<b>Deferred Outflows of Resources</b>	<u>916,889</u>	<u>1,228,387</u>	<u>-</u>	<u>-</u>	<u>916,889</u>	<u>1,228,387</u>
<b>Liabilities</b>						
Long-Term liabilities	17,133,163	18,747,270			17,133,163	18,747,270
Other Liabilities	<u>379,108</u>	<u>306,183</u>	<u>21,123</u>	<u>28,173</u>	<u>400,231</u>	<u>334,356</u>
<b>Total Liabilities</b>	<u>17,512,271</u>	<u>19,053,453</u>	<u>21,123</u>	<u>28,173</u>	<u>17,533,394</u>	<u>19,081,626</u>
<b>Deferred Inflows of Resources</b>	<u>936,413</u>	<u>651,325</u>	<u>1,536</u>	<u>891</u>	<u>937,949</u>	<u>652,216</u>
<b>Net Position</b>						
Net Investment in Capital Assets	8,542,152	7,767,572	11,758	17,923	8,553,910	7,785,495
Restricted	3,487,575	4,109,524			3,487,575	4,109,524
Unrestricted	<u>(259,778)</u>	<u>(1,765,503)</u>	<u>110,080</u>	<u>100,696</u>	<u>(149,698)</u>	<u>(1,664,807)</u>
<b>Total Net Position</b>	<u>\$ 11,769,949</u>	<u>\$ 10,111,593</u>	<u>\$ 121,838</u>	<u>\$ 118,619</u>	<u>\$ 11,891,787</u>	<u>\$ 10,230,212</u>

The District's combined net position as of June 30, 2019 and 2018 were \$11,891,787 and \$10,230,212 respectively.

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

The following shows changes in net position for fiscal years ended June 30, 2019 and 2018.

**Change in Net Position  
For The Fiscal Years Ended June 30, 2019 and 2018**

	Governmental		Business-		Total	
	Activities		Type			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 166,478	\$ 114,444	\$ 177,008	\$ 175,349	\$ 343,486	\$ 289,793
Operating Grants and Contributions	3,330,269	4,190,206	115,064	114,352	3,445,333	4,304,558
General Revenues						
Property Taxes	12,338,555	12,093,229			12,338,555	12,093,229
Other	175,964	103,165	965	579	176,929	103,744
<b>Total Revenues</b>	<b><u>16,011,266</u></b>	<b><u>16,501,044</u></b>	<b><u>293,037</u></b>	<b><u>290,280</u></b>	<b><u>16,304,303</u></b>	<b><u>16,791,324</u></b>
<b>Expenses</b>						
Instruction						
Regular	6,421,602	6,960,672			6,421,602	6,960,672
Special Education	1,944,445	2,060,410			1,944,445	2,060,410
Other Instruction	442,855	396,040			442,855	396,040
School Sponsored Activities and Athletics	56,732	52,280			56,732	52,280
Support Services						
Student and Instruction Related Services	1,515,771	1,555,620			1,515,771	1,555,620
School Administrative Services	426,498	462,967			426,498	462,967
General Administrative Services	509,177	514,378			509,177	514,378
Plant Operations and Maintenance	1,779,749	1,591,937			1,779,749	1,591,937
Pupil Transportation	237,959	185,581			237,959	185,581
Business Svcs/Central Services/Admin. Info Tech.	474,682	472,426			474,682	472,426
Interest on Long-Term Debt	543,440	572,097			543,440	572,097
Food Services	-	-	289,818	290,991	289,818	290,991
<b>Total Expenses</b>	<b><u>14,352,910</u></b>	<b><u>14,824,408</u></b>	<b><u>289,818</u></b>	<b><u>290,991</u></b>	<b><u>14,642,728</u></b>	<b><u>15,115,399</u></b>
<b>Change in Net Position</b>	<b>1,658,356</b>	<b>1,676,636</b>	<b>3,219</b>	<b>(711)</b>	<b>1,661,575</b>	<b>1,675,925</b>
<b>Net Position, Beginning of Year</b>	<b><u>10,111,593</u></b>	<b><u>8,434,957</u></b>	<b><u>118,619</u></b>	<b><u>119,330</u></b>	<b><u>10,230,212</u></b>	<b><u>8,554,287</u></b>
<b>Net Position, End of Year</b>	<b><u>\$ 11,769,949</u></b>	<b><u>\$ 10,111,593</u></b>	<b><u>\$ 121,838</u></b>	<b><u>\$ 118,619</u></b>	<b><u>\$ 11,891,787</u></b>	<b><u>\$ 10,230,212</u></b>

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 77 percent of revenues for governmental activities for the Carlstadt School District in fiscal year 2019. The District's governmental activities total revenues were \$16,011,266 for the fiscal year ended June 30, 2019, a decrease of \$489,778 from the previous year. Federal, state, and local grants/aid accounted for 21 percent of revenue. The balance of revenues is charges for services (tuition and rental fees) and miscellaneous income which includes investment earnings.

The total cost of all governmental activities programs and services was \$14,352,910. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$8,865,634 (62%) of total expenses. Student and other support services, exclusive of administration and interest on long-term debt, totaled \$3,533,479 or (25%) of total expenses. Total administrative expenses of \$1,410,357 accounted for 9% of total expenses. The balance of expenses \$543,440 (4%) relate to interest and other charges on long-term debt. The District's total governmental activities expenses decreased \$471,498 under the amount of 2017/2018 expenses largely due to the decrease in on-behalf TPAF expenses.

**Business-Type Activities**

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

- Food service revenues exceeded expenses by \$3,219.
- Charges for services represent 60 percent of revenue. This represents amounts paid for daily lunch service.
- State and Federal reimbursement for school breakfast and lunch was \$115,064 or 39 percent of total revenues.



CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

**Total and Net Cost of Governmental Activities**

The District's total cost of services was \$14,352,910 for the fiscal year ended June 30, 2019. After applying program revenues derived from charges for services of \$166,478 and operating grants and contributions of \$3,330,629 the net cost of services of the District is \$10,856,163.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2019 and 2018**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction				
Regular	\$ 6,421,602	\$ 6,960,672	\$ 4,355,015	\$ 4,271,114
Special Education	1,944,445	2,060,410	1,118,173	1,107,130
Other Instruction	442,855	396,040	244,942	240,096
School Sponsored Activities and Athletics	56,732	52,280	39,682	34,831
Support Services				
Student and Instruction Related Services	1,515,771	1,555,620	1,433,360	1,401,780
School Administrative Services	426,498	462,967	324,831	328,041
General Administrative Services	509,177	514,378	494,945	484,052
Plant Operations and Maintenance	1,779,749	1,591,937	1,651,450	1,471,688
Pupil Transportation	237,959	185,581	193,235	172,133
Business Services/Central Svcs./Admin. Info.	474,682	472,426	457,090	436,796
Interest on Long-Term Debt	543,440	572,097	543,440	572,097
<b>Total</b>	<b><u>\$ 14,352,910</u></b>	<b><u>\$ 14,824,408</u></b>	<b><u>\$ 10,856,163</u></b>	<b><u>\$ 10,519,758</u></b>

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

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

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

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

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

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental Funds**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$6,416,372. For the fiscal year ended June 30, 2018, the fund balance was \$5,562,769.

Revenues for the District's governmental funds were \$14,883,654 while total expenses were \$14,030,051.

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

The following schedule presents a summary of General Fund Revenues for the fiscal year ended June 30, 2019 and 2018.

	Fiscal Year Ended <u>June 30, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Tax Levy	\$ 10,792,767	\$ 10,547,841	\$ 244,926	2%
Interest	142,109	71,124	70,985	100%
State/Federal				
Sources	1,940,317	1,786,257	154,060	9%
Miscellaneous	<u>199,941</u>	<u>140,703</u>	<u>59,238</u>	42%
<b>Total General Fund Revenues</b>	<b><u>\$ 13,075,134</u></b>	<b><u>\$ 12,545,925</u></b>	<b><u>\$ 529,209</u></b>	<b>4%</b>

Total General Fund Revenues increased by \$529,209 or 4% over the previous year.

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

**General Fund (Continued)**

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

State/federal revenues increased \$154,060 or 9% from the previous year largely attributable to a increase in the State of New Jersey's contribution to pension costs and post retirement medical benefits on behalf of the Carlstadt School District.

Interest earning increased by \$70,985 due to higher available bank balances.

Miscellaneous revenues increased \$59,238.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended June 30, 2019 and 2018.

	Fiscal Year Ended <u>June 30, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Instruction	\$ 7,621,415	\$ 7,319,736	\$ 301,679	4%
Support Services	4,182,681	3,815,432	367,249	10%
Capital Outlay	<u>417,435</u>	<u>394,250</u>	<u>23,185</u>	6%
Total Expenditures	<u>\$ 12,221,531</u>	<u>\$ 11,529,418</u>	<u>\$ 692,113</u>	6%

Total General Fund expenditures increased \$692,113 or 6% over the previous year. The increase was attributable to increases in instructional costs and support services expenditures.

In 2018-2019 General Fund revenues exceeded expenses by \$853,603. As a result, total fund balance increased to \$6,416,372 at June 30, 2019. After deducting restrictions and assignments, the unassigned fund balance decreased from \$231,617 at June 30, 2018 to \$238,201 at June 30, 2019.

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

Revenues of the Special Revenue Fund were \$262,732, for the year ended June 30, 2019. Federal sources accounted for 100% of the Special Revenue Fund's revenue. The balance \$955 of the revenues come from local donations.

Total Special Revenue Fund revenues decreased \$7,266 or 3% from the previous year. Federal sources decreased \$7,302 while local sources increased \$36.

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

**Special Revenue Fund (Continued)**

Expenditures of the Special Revenue Fund were \$262,732. Instructional expenditures were \$232,450 (88%) of total expended for the year ended June 30, 2019. The balance of the expenditures \$30,282 were student and instruction related services.

**Proprietary Funds**

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

**Enterprise Fund** - The District uses an Enterprise Fund to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities. The revenues exceeded the expenses by \$3,219 resulting in net position of \$121,838 at June 30, 2019 an increase from the balance of \$118,619 at June 30, 2018.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

**CAPITAL ASSETS**

The District's investment in capital assets as of June 30, 2019 for its governmental activities amounts to \$22,606,395 (net of accumulated depreciation) and \$11,758 for business-type activities. The capital assets consist of land, construction in progress, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2018-2019 amounted to \$637,703 for governmental activities and \$5,660 for business-type activities.

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2019

**CAPITAL ASSETS (Continued)**

**Capital Assets as of June 30, 2019 and 2018  
(Net of Accumulated Depreciation)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 188,036	\$ 188,036		
Construction in Progress	234,950	49,168		
Improvements Other Than Building	149,099	167,657		
Building and Building Improvements	21,741,842	22,185,450		
Machinery and Equipment	<u>292,468</u>	<u>236,352</u>	\$ 11,758	\$ 17,923
<b>Total Capital Assets, Net</b>	<u>\$ 22,606,395</u>	<u>\$ 22,826,663</u>	<u>\$ 11,758</u>	<u>\$ 17,923</u>

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

**LONG TERM LIABILITIES**

At year end, the District's long-term liabilities consisted of compensated absences payable of \$60,844, bonds payable (including unamortized premium) of \$14,509,477 and net pension liability of \$2,562,842.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2019/2020 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 2019-2020. Budgeted appropriations in the General Fund decreased 5 percent to \$11,980,333 in fiscal year 2019-2020.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Carlstadt Board of Education, 550 Washington Street, Carlstadt, NJ 07072.

## **FINANCIAL STATEMENTS**

**CARLSTADT BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,739,714	\$ 29,702	\$ 6,769,416
Receivables, net	45,957	7,432	53,389
Internal Balances	(90,322)	90,322	-
Inventory		5,283	5,283
Capital Assets, Not Being Depreciated	422,986		422,986
Capital Assets, Being Depreciated, Net	<u>22,183,409</u>	<u>11,758</u>	<u>22,195,167</u>
Total Assets	<u>29,301,744</u>	<u>144,497</u>	<u>29,446,241</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	445,234		445,234
Deferred Amounts on Net Pension Liability	<u>471,655</u>	<u>-</u>	<u>471,655</u>
Total Deferred Outflows of Resources	<u>916,889</u>	<u>-</u>	<u>916,889</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	254,405	21,123	275,528
Accrued Interest Payable	100,131		100,131
Unearned Revenue	24,572		24,572
Noncurrent Liabilities			
Due Within One Year	950,000		950,000
Due Beyond One Year	<u>16,183,163</u>	<u>-</u>	<u>16,183,163</u>
Total Liabilities	<u>17,512,271</u>	<u>21,123</u>	<u>17,533,394</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenues		1,536	1,536
Deferred Amounts on Net Pension Liability	<u>936,413</u>	<u>-</u>	<u>936,413</u>
Total Deferred Inflows of Resources	<u>936,413</u>	<u>1,536</u>	<u>937,949</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,542,152	11,758	8,553,910
Restricted for			
Capital Projects	2,852,100		2,852,100
Other Purpose - Maintenance	635,475		635,475
Unrestricted	<u>(259,778)</u>	<u>110,080</u>	<u>(149,698)</u>
Total Net Position	<u>\$ 11,769,949</u>	<u>\$ 121,838</u>	<u>\$ 11,891,787</u>

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

**CARLSTADT BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 6,421,602	\$ 57,467	\$ 2,009,120		\$ (4,355,015)		\$ (4,355,015)
Special Education	1,944,445	60,341	765,931		(1,118,173)		(1,118,173)
Other Instruction	442,855		197,913		(244,942)		(244,942)
School Sponsored Activities and Athletics	56,732		17,050		(39,682)		(39,682)
Support Services							
Student and Instruction Related Services	1,515,771		82,411		(1,433,360)		(1,433,360)
General Administrative Services	509,177		14,232		(494,945)		(494,945)
School Administrative Services	426,498		101,667		(324,831)		(324,831)
Plant Operations and Maintenance	1,779,749	48,670	79,629		(1,651,450)		(1,651,450)
Pupil Transportation	237,959		44,724		(193,235)		(193,235)
Business Services/Central Svces/Admin. Info.	474,682		17,592		(457,090)		(457,090)
Interest on Long Term Debt	543,440	-	-	-	(543,440)	-	(543,440)
<b>Total Governmental Activities</b>	<b>14,352,910</b>	<b>166,478</b>	<b>3,330,269</b>	<b>-</b>	<b>(10,856,163)</b>	<b>-</b>	<b>(10,856,163)</b>
<b>Business-Type Activities</b>							
Food Service	289,818	177,008	115,064	-	-	\$ 2,254	2,254
<b>Total Business-Type Activities</b>	<b>289,818</b>	<b>177,008</b>	<b>115,064</b>	<b>-</b>	<b>-</b>	<b>2,254</b>	<b>2,254</b>
<b>Total Primary Government</b>	<b>\$ 14,642,728</b>	<b>\$ 343,486</b>	<b>\$ 3,445,333</b>	<b>\$ -</b>	<b>(10,856,163)</b>	<b>2,254</b>	<b>(10,853,909)</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes, levied for general purposes, net					10,792,767		10,792,767
Property Taxes, levied for debt service purposes, net					1,545,788		1,545,788
Unrestricted State Aid					392		392
Investment Earnings					142,109	965	143,074
Miscellaneous Income					33,463	-	33,463
<b>Total General Revenues</b>					<b>12,514,519</b>	<b>965</b>	<b>12,515,484</b>
Change in Net Position					1,658,356	3,219	1,661,575
Net Position, Beginning of Year					10,111,593	118,619	10,230,212
Net Position, End of Year					<b>\$ 11,769,949</b>	<b>\$ 121,838</b>	<b>\$ 11,891,787</b>



**FUND FINANCIAL STATEMENTS**

**CARLSTADT BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,725,448	\$ 14,266		\$ 6,739,714
Due from Other Funds	501			501
Receivables from Other Governments	<u>15,997</u>	<u>29,459</u>	<u>-</u>	<u>45,456</u>
Total Assets	<u>\$ 6,741,946</u>	<u>\$ 43,725</u>	<u>\$ -</u>	<u>\$ 6,785,671</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 234,377	\$ 20,028		\$ 254,405
Due to Other Funds	90,322	-		90,322
Unearned Revenue	<u>875</u>	<u>23,697</u>	<u>-</u>	<u>24,572</u>
Total Liabilities	<u>325,574</u>	<u>43,725</u>	<u>-</u>	<u>369,299</u>
Fund Balances				
Restricted Fund Balance				
Excess Surplus	1,737,227			1,737,227
Excess Surplus-Designated for Subsequent Year's Expenditures (2019/20 Budget)	457,470			457,470
Capital Reserve	2,811,600			2,811,600
Capital Reserve-Designated for Subsequent Year's Expenditures (2019/20 Budget)	40,500			40,500
Maintenance Reserve	615,475			615,475
Maintenance Reserve-Designated for Subsequent Year's Expenditures (2019/20 Budget)	20,000			20,000
Emergency Reserve	250,000			250,000
Assigned Fund Balance				
Year End Encumbrances	238,938			238,938
Designated for Subsequent Year's Expenditures (2019/20 Budget)	6,961			6,961
Unassigned Fund Balance	<u>238,201</u>	<u>-</u>	<u>-</u>	<u>238,201</u>
Total Fund Balances	<u>6,416,372</u>	<u>-</u>	<u>-</u>	<u>6,416,372</u>
Total Liabilities and Fund Balances	<u>\$ 6,741,946</u>	<u>\$ 43,725</u>	<u>\$ -</u>	<u>\$ 6,785,671</u>

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

**CARLSTADT BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

<b>Total Fund Balances (Exhibit B-1)</b>	\$	6,416,372
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$30,404,514 and the accumulated depreciation is \$7,798,119.		22,606,395
The district has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:		(100,131)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.		445,234
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred outflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of Resources	\$ 471,655	
Deferred Inflows of Resources	<u>(936,413)</u>	
		(464,758)
Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2)		<u>(17,133,163)</u>
<b>Net Position of Governmental Activities (Exhibit A-1)</b>	<b>\$</b>	<b><u>11,769,949</u></b>

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

**CARLSTADT BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
Property Tax Levy	\$ 10,792,767		\$ 1,545,788	\$ 12,338,555
Tuition	117,808			117,808
Rentals	48,670			48,670
Interest	142,109			142,109
Miscellaneous	33,463	\$ 955	-	34,418
Total - Local Sources	<u>11,134,817</u>	<u>955</u>	<u>1,545,788</u>	<u>12,681,560</u>
State Sources	1,940,317			1,940,317
Federal Sources	-	261,777	-	261,777
Total Revenues	<u>13,075,134</u>	<u>262,732</u>	<u>1,545,788</u>	<u>14,883,654</u>
<b>EXPENDITURES</b>				
Current				
Regular Instruction	5,575,033	9,781		5,584,814
Special Education Instruction	1,680,387	143,613		1,824,000
Other Instruction	316,105	79,056		395,161
School-Sponsored Activities and Athletics	49,890			49,890
Support Services				
Student and Instruction Related Services	1,437,097	30,282		1,467,379
General Administrative Services	495,965			495,965
School Administrative Services	383,025			383,025
Plant Operations and Maintenance	1,171,887			1,171,887
Pupil Transportation	237,636			237,636
Business Services/Central Svcs/ Admin. Info. Tech.	457,071			457,071
Debt Service				
Principal			900,000	900,000
Interest			645,788	645,788
Capital Outlay	417,435	-	-	417,435
Total Expenditures	<u>12,221,531</u>	<u>262,732</u>	<u>1,545,788</u>	<u>14,030,051</u>
Excess (Deficiency) of Revenues Over Expenditures	853,603	-	-	853,603
Fund Balance, Beginning of Year	<u>5,562,769</u>	<u>-</u>	<u>-</u>	<u>5,562,769</u>
Fund Balance , End of Year	<u>\$ 6,416,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,416,372</u>

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

**CARLSTADT BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 853,603

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$	417,435	
Depreciation Expense		<u>(637,703)</u>	(220,268)

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

Net Decrease in Compensated Absences		14,554	
Net Decrease in Pension Expense		<u>8,119</u>	22,673

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

Bond Principal			900,000
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Governmental funds report the effect of premiums and such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium		157,480	
Amortization of Deferred Amounts on Refunding		<u>(62,632)</u>	94,848

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>7,500</u>
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**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 1,658,356**

**CARLSTADT BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2019**

		<b>Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u></b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$	29,702
Intergovernmental Receivable		
Federal		7,202
State		230
Due from Other Funds		90,322
Inventory		<u>5,283</u>
Total Current Assets		<u>132,739</u>
Capital Assets		
Machinery and Equipment		81,400
Less: Accumulated Depreciation		<u>(69,642)</u>
Total Capital Assets, Net		<u>11,758</u>
Total Assets		<u>144,497</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		<u>21,123</u>
Total Current Liabilities		<u>21,123</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Commodities Revenue		<u>1,536</u>
Total Deferred Inflows of Resources		<u>1,536</u>
<b>NET POSITION</b>		
Investment in Capital Assets		11,758
Unrestricted		<u>110,080</u>
Total Net Position	\$	<u><u>121,838</u></u>

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

**CARLSTADT BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Business-Type            Activities  <u>Enterprise Fund</u>  <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	
Reimbursable Programs- School Lunch Program	\$ 117,596
Non-Reimbursable Programs	54,080
Other Sales - Milk	<u>5,332</u>
 Total Operating Revenues	 <u>177,008</u>
<b>OPERATING EXPENSES</b>	
Salaries	85,127
Salary - Food Service Manager	18,168
Employee Benefits/Payroll Taxes	10,704
Cost of Sales - Reimbursable Programs	95,815
Cost of Sales - Non-Reimbursable Programs	24,874
Insurance	11,275
Supplies	1,982
Management Fees	32,112
Depreciation	5,660
Miscellaneous	<u>3,596</u>
 Total Operating Expenses	 <u>289,313</u>
 Operating Loss	 <u>(112,305)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
School Lunch Program	2,967
Federal Sources	
National School Lunch Program	84,888
Food Distribution Program	20,625
National School Breakfast Program	6,584
Interest Earned	965
Loss on Disposal of Capital Assets	<u>(505)</u>
 Total Nonoperating Revenues	 <u>115,524</u>
 Change in Net Position	 3,219
Net Position, Beginning of Year	<u>118,619</u>
Net Position, End of Year	<u>\$ 121,838</u>

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

**CARLSTADT BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Business-Type Activities Enterprise Fund Food Services</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 177,008
Cash Payment for Salaries and Benefits	(113,999)
Cash Payments to Suppliers for Goods and Services	<u>(157,341)</u>
Net Cash (Used by) Operating Activities	<u>(94,332)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>66,490</u>
Net Cash Provided by Noncapital Financing Activities	<u>66,490</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>965</u>
Net Cash Provided by Investing Activities	<u>965</u>
Net Decrease in Cash and Cash Equivalents	(26,877)
Cash and Cash Equivalents, Beginning of Year	<u>56,579</u>
Cash and Cash Equivalents, End of Year	<u>\$ 29,702</u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used by) Operating Activities</b>	
Operating (Loss)	\$ <u>(112,305)</u>
Adjustments to Reconcile Operating (Loss) to Net Cash (Used by) Operating Activities	
Depreciation	5,660
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	20,625
Change in Assets, Liabilities and Deferred Inflows of Resources (Increase)/Decrease in Inventory	(1,907)
Increase/(Decrease) in Accounts Payable	(7,050)
Increase/(Decrease) in Deferred Commodities Revenue	<u>645</u>
Total Adjustments	<u>17,973</u>
Net Cash (Used by) Operating Activities	<u>\$ (94,332)</u>
<b>Non-Cash Investing, Capital and Financing Activities</b>	
Value Received for Food Distribution Program	\$ 21,270

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



**CARLSTADT BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 11,465	\$ -	\$ 58,083
Total Assets	<u>11,465</u>	<u>-</u>	<u>\$ 58,083</u>
<b>LIABILITIES</b>			
Intergovernmental Payable - State	11,371		
Due to Other Funds			\$ 501
Payroll Deductions and Withholdings			1,642
Due to Student Groups	<u>-</u>	<u>-</u>	<u>55,940</u>
Total Liabilities	<u>11,371</u>	<u>-</u>	<u>\$ 58,083</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims	94		
Held in Trust for Private Purpose Scholarships	<u>-</u>	<u>-</u>	
Total Net Position	<u>\$ 94</u>	<u>\$ -</u>	

**CARLSTADT BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 16,506	
District	22,810	
Interest	58	\$ 81
	<hr/>	<hr/>
Total Additions	39,374	81
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Unemployment Contributions	39,302	
Other - Transfer to Special Revenue Fund	-	14,953
	<hr/>	<hr/>
Total Deductions	39,302	14,953
	<hr/>	<hr/>
Change in Net Position	72	(14,872)
Net Position, Beginning of Year	22	14,872
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 94</u>	<u>\$ -</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Carlstadt Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2019, the District adopted the following GASB statement:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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.

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.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

- 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. 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.

**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.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims. All resources of the funds, 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.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**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.

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

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

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**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.

**4. Capital Assets**

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

**5. Deferred Outflows/Inflows of Resources**

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



**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

***5. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. One 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. The other item that qualifies 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.

***6. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***7. Pensions***

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

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

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**8. *Long-Term Obligations***

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

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

**9. *Net Position/Fund Balance***

**District-Wide Statements**

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

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

**Governmental Fund Statements**

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

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

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 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, 2018 audited excess surplus that was appropriated in the 2019/2020 original budget certified for taxes.

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

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 2019/2020 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 3D).

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 2019/2020 District budget certified for taxes.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 3E).

**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 2019/2020 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 (debt service fund types), 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 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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 and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**2. *Property Taxes***

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

**3. *Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are 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 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**F. Revenues and Expenditures/Expenses (Continued)**

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

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

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$17,133,163 difference are as follows:

Bonds Payable	\$ 13,390,000	
Issuance Premium (to be amortized over life of debt)	<u>1,119,477</u>	
		\$ 14,509,477
Compensated Absences		60,844
Net Pension Liability		<u>2,562,842</u>
Net Adjustment to Decrease Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities		<u>\$ 17,133,163</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$215,701. The increase was funded by 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			
Energy (Electricity)	\$194,904	\$237,673	\$42,469

The above variance was the result of an audit adjustment and was offset with other available resources.

**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.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**C. Capital Reserve (Continued)**

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, 2019 is as follows:

Balance, July 1, 2018		\$ 3,474,049
Increased by:		
Transfer of Unexpended Project Balances		
from Capital Outlay	\$ 576,424	
		<u>576,424</u>
		4,050,473
Decreased by:		
Balance in Excess of Long Range Facilities Plan	299,462	
Withdrawals Approved by Board Resolution	<u>898,911</u>	
		<u>1,198,373</u>
Balance, June 30, 2019		<u>\$ 2,852,100</u>

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects is \$2,852,100. The withdrawals from the capital reserve were consistent with the district’s Long Range Facilities Plan. \$40,500 of the capital reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

**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.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**D. Maintenance Reserve (Continued)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	<u>\$ 635,475</u>
Balance, June 30, 2019	<u>\$ 635,475</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$635,475. \$20,000 of the maintenance reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

**E. Emergency Reserve**

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	<u>\$ 250,000</u>
Balance, June 30, 2019	<u>\$ 250,000</u>

**F. 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, 2019 is \$2,194,697. Of this amount, \$457,470 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$1,737,227 will be appropriated in the 2020/2021 original budget certified for taxes.



**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC 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, 2019, the book value of the Board's deposits were \$6,838,964 and bank and brokerage firm balances of the Board's deposits amounted to \$6,989,129. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>6,989,129</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, 2019 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, 2019, the Board had no outstanding investments.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**B. Receivables**

Receivables as of June 30, 2019 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-				
Federal		\$ 29,459	\$ 7,202	36,661
State	\$ 15,997	-	230	16,227
Total Receivables	<u>\$ 15,997</u>	<u>\$ 29,459</u>	<u>\$ 7,432</u>	<u>\$ 52,888</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:

	<u>Total</u>
General Fund	
Prepaid Tuition	\$ 875
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>23,697</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 24,572</u>

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance, <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2019</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 188,036			\$ 188,036
Construction in Progress	49,168	\$ 234,950	\$ (49,168)	234,950
Total Capital Assets, Not Being Depreciated	<u>237,204</u>	<u>234,950</u>	<u>(49,168)</u>	<u>422,986</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	28,589,194	139,508		28,728,702
Land Improvements	371,159			371,159
Machinery and Equipment	866,116	92,145	(76,594)	881,667
Total Capital Assets Being Depreciated	<u>29,826,469</u>	<u>231,653</u>	<u>(76,594)</u>	<u>29,981,528</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(6,403,744)	(583,116)		(6,986,860)
Land Improvements	(203,502)	(18,558)		(222,060)
Machinery and Equipment	(629,764)	(36,029)	76,594	(589,199)
Total Accumulated Depreciation	<u>(7,237,010)</u>	<u>(637,703)</u>	<u>76,594</u>	<u>(7,798,119)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,589,459</u>	<u>(406,050)</u>	<u>-</u>	<u>22,183,409</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,826,663</u>	<u>\$ (171,100)</u>	<u>\$ (49,168)</u>	<u>\$ 22,606,395</u>
	Balance, <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2019</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 84,900	-	\$ (3,500)	\$ 81,400
Total Capital Assets Being Depreciated	<u>84,900</u>	<u>-</u>	<u>(3,500)</u>	<u>81,400</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(66,977)	\$ (5,660)	2,995	(69,642)
Total Accumulated Depreciation	<u>(66,977)</u>	<u>(5,660)</u>	<u>2,995</u>	<u>(69,642)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,923</u>	<u>(5,660)</u>	<u>(505)</u>	<u>11,758</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,923</u>	<u>\$ (5,660)</u>	<u>\$ (505)</u>	<u>\$ 11,758</u>

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**D. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction	
Regular	\$ 49,365
Special	1,358
	<hr/>
Total Instruction	50,723
Support Services	
Business Services/Central Services	1,280
Plant Operations and Maintenance	585,700
	<hr/>
Total Support Services	586,980
	<hr/>
Total Governmental Funds	637,703
	<hr/>
Total Depreciation Expense - Governmental Activities	\$ 637,703

**Business-Type Activities:**

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

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

The composition of interfund balances as of June 30, 2019, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 501
Food Service Fund	General Fund	<hr/> 90,322
		<hr/>
Total		\$ 90,823

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund.

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

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation refunding bonds in order to advance refund certain principal and interest maturities of the 2005 school bonds which provided funds for the construction of a new pre-kindergarten to 8<sup>th</sup> grade school building. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2019 are comprised of the following issues:

\$17,075,000, 2014 Refunding Bonds, due in annual installments of \$950,000 to \$1,490,000 through May 1, 2030, interest at 3.125% to 5.00%	<u>\$13,390,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	950,000	600,788	\$ 1,550,788
2021	995,000	553,288	1,548,288
2022	1,050,000	503,538	1,553,538
2023	1,100,000	451,038	1,551,038
2024	1,155,000	396,038	1,551,038
2025-2029	6,650,000	1,107,302	7,757,302
2030	<u>1,490,000</u>	<u>59,600</u>	<u>1,549,600</u>
Total	<u>\$ 13,390,000</u>	<u>\$ 3,671,592</u>	<u>\$ 17,061,592</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 88,853,051
Less: Net Debt	<u>13,390,000</u>
Remaining Borrowing Power	<u>\$ 75,463,051</u>

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2019</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 14,290,000		\$ 900,000	\$ 13,390,000	\$ 950,000
Original Issue Premium	1,276,957	-	157,480	1,119,477	-
<b>Total Bonds Payable</b>	<b>15,566,957</b>	<b>-</b>	<b>1,057,480</b>	<b>14,509,477</b>	<b>950,000</b>
Compensated Absences	75,398	-	14,554	60,844	-
Net Pension Liability	3,104,915	-	542,073	2,562,842	-
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$ 18,747,270</b>	<b>\$ -</b>	<b>\$ 1,614,107</b>	<b>\$ 17,133,163</b>	<b>\$ 950,000</b>

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

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims and various other type of coverages.

The relationship between the Board and the Group is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, 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 funds attributable to a membership year during which they were a member.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the 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.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 22,810	\$ 16,506	\$ 39,302	\$ 94
2018	21,922	16,185	38,107	22
2017	20,990	15,646	36,635	19

**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, 2019, 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, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**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 Board employees who are eligible for pension coverage:

**Public Employees’ Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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.

The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).



**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Other Pension Funds**

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems 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](http://www.state.nj.us/treasury/pensions).

**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.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

**Actuarial Methods and Assumptions**

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions (Continued)**

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 129,470	\$ 819,263	\$ 9,808
2018	123,564	645,830	7,089
2017	118,592	484,685	7,562

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$587, \$2,014 and \$461, respectively for PERS and the State contributed \$300, \$379 and \$354, 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 \$322,326 during the fiscal year ended June 30, 2019 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.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS)**

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. 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 measurement period July 1, 2017 through June 30, 2018. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$2,562,842 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .01302 percent, which was a decrease of .00032 percent from its proportionate share measured as of June 30, 2017 of .01334 percent.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$121,351 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the current measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 48,874	\$ 13,215
Changes of Assumptions	422,314	819,461
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		24,040
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>467</u>	<u>79,697</u>
Total	<u>\$ 471,655</u>	<u>\$ 936,413</u>

At June 30, 2019, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2020	\$ (1,376)
2021	(40,599)
2022	(197,207)
2023	(168,312)
2024	(57,264)
Thereafter	<u>-</u>
	<u>\$ (464,758)</u>

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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%
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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%



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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2046

Municipal Bond Rate \*    From July 1, 2046  
and Thereafter

\* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 5.66%, 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	<b>1% Decrease <u>4.66%</u></b>	<b>Current Discount Rate <u>5.66%</u></b>	<b>1% Increase <u>6.66%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,222,479</u>	<u>\$ 2,562,842</u>	<u>\$ 2,009,449</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,587,917 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, 2019 the State's proportionate share of the net pension liability attributable to the District is \$27,238,634. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .04282 percent, which was a decrease of .00027 percent from its proportionate share measured as of June 30, 2017 of .04309 percent.

**CARLSTADT BOARD OF EDUCATION  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**CARLSTADT BOARD OF EDUCATION  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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%

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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**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:

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040

Municipal Bond Rate \* From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	<b><u>1% Decrease (3.86%)</u></b>	<b><u>Current Discount Rate (4.86%)</u></b>	<b><u>1% Increase (5.86%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 32,195,548</u>	<u>\$ 27,238,634</u>	<u>\$ 23,129,473</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**CARLSTADT BOARD OF EDUCATION  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program 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 for the fiscal year ended June 30, 2018. 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 Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**CARLSTADT BOARD OF EDUCATION  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>362,181</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.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.24 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$371,617, \$417,129 and \$403,853, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

**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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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.



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 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 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)**

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$730,575. 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, 2019 the State’s proportionate share of the OPEB liability attributable to the District is \$16,889,080. 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, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state’s share of the OPEB liability attributable to the District was .03663 percent, which was a decrease of .00024 percent from its proportionate share measured as of June 30, 2017 of .03687 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
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.

The actuarial assumptions used in the June 30, 2017 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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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.

**CARLSTADT BOARD OF EDUCATION  
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**NOTE 5 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)**

**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, 2018.

**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>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

**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, 2019 (measurement date June 30, 2018) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2017 Measurement Date	\$ 19,778,768
Changes Recognized for the Fiscal Year:	
Service Cost	695,489
Interest on the Total OPEB Liability	725,243
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(1,936,314)
Changes of Assumptions	(1,938,106)
Gross Benefit Payments	(451,608)
Contributions from the Member	15,608
<b>Net Changes</b>	<b>\$ (2,889,688)</b>
Balance, June 30, 2018 Measurement Date	\$ 16,889,080

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 was not provided by the pension system.

**CARLSTADT BOARD OF EDUCATION  
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**NOTE 5 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**

*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 3.87% 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	<b>1% Decrease <u>(2.87%)</u></b>	<b>Current Discount Rate <u>(3.87%)</u></b>	<b>1% Increase <u>(4.87%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 19,966,331	\$ 16,889,080	\$ 14,442,984

*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:

	<b>1% Decrease</b>	<b>Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 13,959,808	\$ 16,889,080	\$ 20,763,154

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 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 Carlstadt Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 10,792,767		\$ 10,792,767	\$ 10,792,767	
Tuition from Individuals (Preschool)	30,000		30,000	57,467	\$ 27,467
Tuition from Other LEA's				60,341	60,341
Interest				142,109	142,109
Interest on Reserve Funds	20		20	-	(20)
Rentals	40,000		40,000	48,670	8,670
Unrestricted Miscellaneous	10,000	-	10,000	33,463	23,463
<b>Total Local Sources</b>	<u>10,872,787</u>	<u>-</u>	<u>10,872,787</u>	<u>11,134,817</u>	<u>262,030</u>
State Sources					
Transportation Aid	45,263		45,263	45,263	
Security Aid	49,177		49,177	56,138	6,961
Special Education Aid	226,694		226,694	226,694	-
Extraordinary Aid (2017-2018)				356	356
Extraordinary Aid (2018-2019)				113,750	113,750
On-behalf TPAF Pension System Contributions-Normal Costs & Accrued Liabilities (Non-Budget)				802,465	802,465
On-behalf TPAF Pension System Contributions-NCGI (Non-Budget)				16,798	16,798
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				371,617	371,617
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				300	300
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	322,326	322,326
<b>Total State Sources</b>	<u>321,134</u>	<u>-</u>	<u>321,134</u>	<u>1,955,707</u>	<u>1,634,573</u>
<b>Total Revenues</b>	<u>11,193,921</u>	<u>-</u>	<u>11,193,921</u>	<u>13,090,524</u>	<u>1,896,603</u>
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	143,182	\$ (2,159)	141,023	126,702	14,321
Kindergarten	267,339	-	267,339	264,753	2,586
Grades 1-5	1,650,304	(41,105)	1,609,199	1,605,849	3,350
Grades 6-8	983,387	25,516	1,008,903	1,008,851	52
Regular Program - Home Instruction					
Salaries of Teachers	6,000	(5,524)	476	60	416
Purchased Professional-Educational Services	3,500	(1,520)	1,980	640	1,340
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	297,659	12,630	310,289	302,480	7,809
Purchased Professional-Educational Services	48,694	3,432	52,126	52,126	-
General Supplies	179,000	28,431	207,431	188,853	18,578
Textbooks	26,000	32,360	58,360	23,993	34,367
<b>Total Regular Programs</b>	<u>3,605,065</u>	<u>52,061</u>	<u>3,657,126</u>	<u>3,574,307</u>	<u>82,819</u>

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Auditory Disabilities					
Purchased Professional-Educational Services	\$ 30,280	\$ (30,250)	\$ 30	-	30
Total Multiple Disabilities	30,280	(30,250)	30	-	30
Resource Room/ Resource Center					
Salaries of Teachers	368,989	(60,440)	308,549	\$ 285,343	\$ 23,206
Other Salaries for Instruction	21,501	3,009	24,510	24,510	-
Total Resource Room	390,490	(57,431)	333,059	309,853	23,206
Preschool Disabilities - Full Time					
Salaries of Teachers	64,707	69,800	134,507	93,785	40,722
Other Salaries for Instruction	51,991	36,777	88,768	87,303	1,465
Total Preschool Disabilities - Full Time	116,698	106,577	223,275	181,088	42,187
Total Special Education	537,468	18,896	556,364	490,941	65,423
Basic Skills/Remedial					
Salaries of Teachers	132,090	11,520	143,610	143,430	180
Total Basic Skills/Remedial	132,090	11,520	143,610	143,430	180
Bilingual Education					
Salaries of Teachers	69,164	4,358	73,522	53,189	20,333
Total Bilingual Education	69,164	4,358	73,522	53,189	20,333
School Sponsored Co/Extra Curricular Activities					
Salaries	17,500	10,705	28,205	28,205	-
Supplies and Materials	8,000	(607)	7,393	4,545	2,848
Total School Sponsored Co/Extra Curricular Activities	25,500	10,098	35,598	32,750	2,848
Total Instruction	4,369,287	96,933	4,466,220	4,294,617	171,603
Instruction					
Tuition to Other LEAs Within the State-Special	1,377,699	(419,691)	958,008	635,897	322,111
Tuition to CSSD & Regional Day Schools	-	180,578	180,578	153,858	26,720
Tuition to Priv. Sch. For the Disabled W/ State	-	101,343	101,343	101,343	-
Total Undistributed Expenditures - Instruction	1,377,699	(137,770)	1,239,929	891,098	348,831

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 34,919	\$ (480)	\$ 34,439	\$ 31,969	\$ 2,470
Purchased Professional and Technical Services	12,000	480	12,480	12,480	-
<b>Total Attendance and Social Work Services</b>	<b>46,919</b>	<b>-</b>	<b>46,919</b>	<b>44,449</b>	<b>2,470</b>
Health Services					
Salaries	111,581	-	111,581	107,318	4,263
Purchased Professional and Technical Services	4,000	-	4,000	4,000	-
Supplies and Materials	1,500	(743)	757	629	128
<b>Total Health Services</b>	<b>117,081</b>	<b>(743)</b>	<b>116,338</b>	<b>111,947</b>	<b>4,391</b>
Speech, OT, PT & Related Services					
Salaries	76,103	2,055	78,158	78,158	-
Purchased Professional-Educational Services	131,853	12,110	143,963	114,027	29,936
Supplies and Materials	500	301	801	801	-
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>208,456</b>	<b>14,466</b>	<b>222,922</b>	<b>192,986</b>	<b>29,936</b>
Other Support Serv. Students- Extra Serv.					
Other Objects	2,000	(1,867)	133	-	133
<b>Total Other Support Serv. Students- Extra Serv.</b>	<b>2,000</b>	<b>(1,867)</b>	<b>133</b>	<b>-</b>	<b>133</b>
Guidance					
Salaries of Other Professional Staff	64,352	(1,455)	62,897	62,630	267
Purchased Professional-Educational Services	2,500	(1,306)	1,194	-	1,194
Supplies and Materials	1,000	1,454	2,454	2,454	-
<b>Total Guidance</b>	<b>67,852</b>	<b>(1,307)</b>	<b>66,545</b>	<b>65,084</b>	<b>1,461</b>
Child Study Teams					
Salaries of Other Professional Staff	431,029	(32,959)	398,070	373,488	24,582
Purchased Professional-Educational Services	32,138	28,229	60,367	60,367	-
Other Purchased Services	500	(94)	406	406	-
Supplies and Materials	2,500	4,049	6,549	3,139	3,410
Other Objects	2,300	320	2,620	2,620	-
<b>Total Child Study Teams</b>	<b>468,467</b>	<b>(455)</b>	<b>468,012</b>	<b>440,020</b>	<b>27,992</b>
Improvement of Instructional Services					
Salaries of Other Professional Staff	103,500	3,420	106,920	106,920	-
Purchased Professional-Educational Services	25,000	(17,946)	7,054	1,000	6,054
Other Purchased Services	2,000	1,288	3,288	2,806	482
Other Objects	1,000	-	1,000	969	31
<b>Total Improvement of Instructional Services</b>	<b>131,500</b>	<b>(13,238)</b>	<b>118,262</b>	<b>111,695</b>	<b>6,567</b>



**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 107,853	\$ 19,442	\$ 127,295	\$ 126,723	\$ 572
Supplies and Materials	2,500	9,972	12,472	12,472	-
Total Educational Media Serv./School Library	<u>110,353</u>	<u>29,414</u>	<u>139,767</u>	<u>139,195</u>	<u>572</u>
Instructional Staff Training Services					
Other Purch. Professional and Technical Services	1,500	(341)	1,159	-	1,159
Other Purchased Services	1,000	-	1,000	-	1,000
Total Instructional Staff Training Services	<u>2,500</u>	<u>(341)</u>	<u>2,159</u>	<u>-</u>	<u>2,159</u>
Support Services General Administration					
Salaries	245,505	-	245,505	242,213	3,292
Legal Services	32,000	10,700	42,700	38,108	4,592
Audit Fees	20,000	6,845	26,845	26,845	-
Architectural/Engineering Services	25,000	(1,366)	23,634	13,044	10,590
Other Purchased Professional Services	8,500	-	8,500	8,225	275
Purchased Technical Services	1,000	178	1,178	1,178	-
Communications/Telephone	28,550	337	28,887	24,359	4,528
BOE Other Purchased Services	5,500	944	6,444	5,911	533
Misc Purchased Services	200	3,554	3,754	-	3,754
General Supplies	1,400	3,746	5,146	1,561	3,585
Miscellaneous Expenditures	2,800	-	2,800	2,237	563
BOE Membership Dues and Fees	6,000	1,178	7,178	5,531	1,647
Total Support Services General Administration	<u>376,455</u>	<u>26,116</u>	<u>402,571</u>	<u>369,212</u>	<u>33,359</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	160,550	(770)	159,780	159,780	-
Salaries of Secretarial and Clerical Assistants	86,974	(536)	86,438	86,438	-
Other Purchased Services	750	1,750	2,500	2,500	-
Supplies and Materials	3,500	5,374	8,874	3,519	5,355
Other Objects	3,450	(1,885)	1,565	1,370	195
Total Support Services School Administration	<u>255,224</u>	<u>3,933</u>	<u>259,157</u>	<u>253,607</u>	<u>5,550</u>
Central Services					
Salaries	201,908	23,240	225,148	225,148	-
Purchased Professional Services	-	2,041	2,041	1,732	309
Miscellaneous Purchased Services	2,501	(2,441)	60	60	-
Supplies and Materials	750	1,763	2,513	1,991	522
Miscellaneous Expenditures	2,400	395	2,795	2,795	-
Total Central Services	<u>207,559</u>	<u>24,998</u>	<u>232,557</u>	<u>231,726</u>	<u>831</u>

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 75,600	\$ (363)	\$ 75,237	\$ 74,263	\$ 974
Purchased Professional Services	34,755	-	34,755	34,755	-
Purchased Technical Services	2,000	(129)	1,871	1,721	150
Other Purchased Services	1,000	778	1,778	1,778	-
Supplies and Material	200	(176)	24	-	24
Other Objects	750	130	880	880	-
Total Admin. Info. Technology	<u>114,305</u>	<u>240</u>	<u>114,545</u>	<u>113,397</u>	<u>1,148</u>
Required Maintenance for School Facilities					
Salaries	76,367	(25,237)	51,130	51,130	-
Cleaning, Repair and Maint. Serv.	45,000	51,078	96,078	31,254	64,824
General Supplies	20,000	73,400	93,400	47,773	45,627
Total Required Maintenance for School Fac.	<u>141,367</u>	<u>99,241</u>	<u>240,608</u>	<u>130,157</u>	<u>110,451</u>
Custodial Services					
Salaries	240,392	66,196	306,588	301,488	5,100
Salaries of Non-Instructional Aides	61,726	(5,790)	55,936	53,707	2,229
Purchased Professional and Technical Services	11,198	(1,792)	9,406	7,480	1,926
Cleaning, Repair and Maint. Serv.	40,000	27,642	67,642	61,406	6,236
Other Purchased Property Services	40,000	(4,074)	35,926	35,833	93
Insurance	108,704	325	109,029	109,029	-
Miscellaneous Purchased Services	3,700	274	3,974	3,974	-
General Supplies	20,000	6,858	26,858	26,561	297
Energy (Natural Gas)	38,000	(4,028)	33,972	33,972	-
Energy (Electricity)	237,000	(42,096)	194,904	237,673	(42,769)
Other Objects	2,800	1,659	4,459	4,310	149
Total Custodial Services	<u>803,520</u>	<u>45,174</u>	<u>848,694</u>	<u>875,433</u>	<u>(26,739)</u>
Security					
Cleaning, Repair, and Maintenance Services	2,500	8,000	10,500	1,480	9,020
General Supplies	10,000	2,895	12,895	12,895	-
Total Security	<u>12,500</u>	<u>10,895</u>	<u>23,395</u>	<u>14,375</u>	<u>9,020</u>
Student Transportation Services					
Salaries For Pupil Trans (Bet Home & Sch)-Sp Ed	19,964	340	20,304	5,922	14,382
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	207,739	21,761	229,500	229,500	-
Total Student Transportation Services	<u>227,703</u>	<u>22,101</u>	<u>249,804</u>	<u>235,422</u>	<u>14,382</u>

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Group Insurance	\$ 4,500	\$ 2,314	\$ 6,814	\$ 6,246	\$ 568
Social Security Contributions	123,778	-	123,778	120,966	2,812
Other Retirement Contributions-PERS	141,903	9,628	151,531	139,865	11,666
Other Retirement Contributions - Regular (DCRP)	8,054	(8,054)	-	-	-
Unemployment Compensation	24,300	-	24,300	23,428	872
Workmen's Compensation	44,166	-	44,166	39,675	4,491
Health Benefits	1,938,619	(204,346)	1,734,273	1,322,345	411,928
Tuition Reimbursement	30,000	4,872	34,872	30,097	4,775
Other Employee Benefits	70,000	45,192	115,192	65,810	49,382
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,385,320</b>	<b>(150,394)</b>	<b>2,234,926</b>	<b>1,748,432</b>	<b>486,494</b>
On-behalf TPAF Pension System Contributions- Normal Costs & Accrued Liability (Non-Budget)				802,465	(802,465)
On-behalf TPAF Pension System Contributions-NCGI Cost (Non-Budget)				16,798	(16,798)
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				371,617	(371,617)
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				300	(300)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	322,326	(322,326)
<b>Total Undistributed Expenditures</b>	<b>7,056,780</b>	<b>(29,537)</b>	<b>7,027,243</b>	<b>7,481,741</b>	<b>(454,498)</b>
Interest Earned on Maintenance Reserve	10	-	10	-	10
<b>Total Expenditures - Current Expenditures</b>	<b>11,426,077</b>	<b>67,396</b>	<b>11,493,473</b>	<b>11,776,358</b>	<b>(282,885)</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures-Instruction	10,000	-	10,000	10,000	-
<b>Total Equipment</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>
Facilities Acquisition and Construction Services					
Legal Services	30,000	11,367	41,367	5,185	36,182
Architectural/Engineering Services	95,750	4,265	100,015	64,908	35,107
Construction Services		335,201	335,201	314,580	20,621
Construction Services - Capital Reserve	898,911	(322,487)	576,424	-	576,424
Assessment for Debt Service on SDA Funding	36,191	-	36,191	36,191	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>1,060,852</b>	<b>28,346</b>	<b>1,089,198</b>	<b>420,864</b>	<b>668,334</b>
Interest Earned on Capital Reserve	10	-	10	-	10
<b>Total Capital Outlay</b>	<b>1,070,862</b>	<b>28,346</b>	<b>1,099,208</b>	<b>430,864</b>	<b>668,344</b>

**CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>TRANSFER OF FUNDS TO CHARTER SCHOOL</b>	-	\$ 14,309	\$ 14,309	\$ 14,309	-
Total Expenditures	\$ 12,496,939	110,051	12,606,990	\$ 12,221,531	\$ 385,459
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,303,018)	(110,051)	(1,413,069)	868,993	2,282,062
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(1,303,018)	(110,051)	(1,413,069)	868,993	2,282,062
Fund Balance, Beginning of Year	5,672,928	-	5,672,928	5,672,928	-
Fund Balance, End of Year	\$ 4,369,910	\$ (110,051)	\$ 4,259,859	\$ 6,541,921	\$ 2,282,062

**Recapitulation of Fund Balance**

<b>Restricted Fund Balance</b>		
Excess Surplus - Designated for Subsequent Year's Expenditures (2019/20 Budget)		\$ 457,470
Excess Surplus		1,737,227
Capital Reserve - Designated for Subsequent Year's Expenditures (2019/20 Budget)		40,500
Capital Reserve		2,811,600
Maintenance Reserve - Designated for Subsequent Year's Expenditures (2019/20 Budget)		20,000
Maintenance Reserve		615,475
Emergency Reserve		250,000
<b>Assigned Fund Balance</b>		
Year-End Encumbrances		238,938
Designated for Subsequent Year's Expenditures (2019/20 Budget)		6,961
Designated for Subsequent Year's Expenditures		363,750
<b>Unassigned Fund Balance</b>		<u>363,750</u>
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>		6,541,921
<b>Less: Final State Aid Payments Not Recognized on GAAP Basis</b>		
2018/2019 Extraordinary Aid not Recognized in a GAAP Basis	\$ (113,750)	
2018/2019 State Aid Payments not Recognized in a GAAP Basis	(11,799)	
		<u>(125,549)</u>
<b>Fund Balance Per Governmental Funds (GAAP)</b>		<u>\$ 6,416,372</u>

**CARLSTADT BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 173,680	\$ 104,650	\$ 278,330	\$ 261,777	\$ (16,553)
Local Sources					
Miscellaneous	-	1,000	1,000	955	(45)
Total Revenues	<u>173,680</u>	<u>105,650</u>	<u>279,330</u>	<u>262,732</u>	<u>(16,598)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	63,861	(3,775)	60,086	60,086	-
Purchased Professional-Educational Services		5,116	5,116	2,500	2,616
Tuition	95,509	48,104	143,613	143,613	-
General Supplies	4,893	6,041	10,934	7,624	3,310
Other Objects	-	-	-	-	-
Total Instruction	<u>164,263</u>	<u>55,486</u>	<u>219,749</u>	<u>213,823</u>	<u>5,926</u>
Support Services					
Personal Services-Employee Benefits		18,627	18,627	18,627	-
Purchased Professional and Technical Services		15,559	15,559	10,100	5,459
Purchased Professional-Educational Services	9,417	14,478	23,895	19,598	4,297
Supplies and Materials	-	1,500	1,500	584	916
Total Support Services	<u>9,417</u>	<u>50,164</u>	<u>59,581</u>	<u>48,909</u>	<u>10,672</u>
Total Expenditures	<u>173,680</u>	<u>105,650</u>	<u>279,330</u>	<u>262,732</u>	<u>16,598</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**

**CARLSTADT BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule	(C-1) \$ 13,090,524	(C-2) \$ 262,732
Difference - Budget to GAAP:		
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2017/2018) State Aid and Extraordinary Aid)	110,159	
State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2018/2019) State Aid and Extraordinary Aid)	<u>(125,549)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>13,075,134</u>	(B-2) \$ <u>262,732</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>12,221,531</u>	(C-2) \$ <u>262,732</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>12,221,531</u>	(B-2) \$ <u>262,732</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION AND POST-EMPLOYMENT BENEFITS INFORMATION**



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

**Public Employees Retirement System**

**Last Six Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01302%	0.01334%	0.01335%	0.01353%	0.01353%	0.01356%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,562,842</u>	<u>\$ 3,104,915</u>	<u>\$ 3,953,637</u>	<u>\$ 3,038,057</u>	<u>\$ 2,532,383</u>	<u>\$ 2,591,970</u>
District's Covered Payroll	\$ 860,195	\$ 917,750	\$ 889,505	\$ 896,630	\$ 842,069	\$ 936,288
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	297.94%	338.32%	444.48%	338.83%	300.73%	276.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	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 BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 129,470	\$ 123,564	\$ 118,592	\$ 116,354	\$ 111,504	\$ 102,187
Contributions in Relation to the Contractually Required Contribution	<u>129,470</u>	<u>123,564</u>	<u>118,592</u>	<u>116,354</u>	<u>111,504</u>	<u>102,187</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 860,195	\$ 917,750	\$ 889,505	\$ 896,630	\$ 842,069	\$ 936,288
Contributions as a Percentage of Covered Payroll	15.05%	13.46%	13.33%	12.98%	13.24%	10.91%

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

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

**Teachers Pension and Annuity Fund**

Last Six Fiscal Years\*

	<u>2019</u>	<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%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$27,238,634</u>	<u>\$29,053,290</u>	<u>\$33,591,929</u>	<u>\$27,651,224</u>	<u>\$24,571,061</u>	<u>\$21,570,040</u>
<b>Total</b>	<u>\$27,238,634</u>	<u>\$29,053,290</u>	<u>\$33,591,929</u>	<u>\$27,651,224</u>	<u>\$24,571,061</u>	<u>\$21,570,040</u>
District's Covered Payroll	\$ 4,422,799	\$ 4,334,462	\$ 4,294,039	\$ 4,450,321	\$ 4,295,933	\$ 4,380,974
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	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 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, 2019**

**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 BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last Two Fiscal Years\***

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 695,489	\$ 836,498
Interest on Total OPEB Liability	725,243	627,435
Differences Between Expected and Actual Experience	(1,936,314)	
Changes of Assumptions	(1,938,106)	(2,613,061)
Gross Benefit Payments	(451,608)	(439,847)
Contribution from the Member	<u>15,608</u>	<u>16,196</u>
<b>Net Change in Total OPEB Liability</b>	<u>(2,889,688)</u>	<u>(1,572,779)</u>
<b>Total OPEB Liability - Beginning</b>	<u>19,778,768</u>	<u>21,351,547</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 16,889,080</u>	<u>\$ 19,778,768</u>
District's Proportionate Share of OPEB Liability	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>16,889,080</u>	<u>19,778,768</u>
Total OPEB Liability - Ending	<u>\$ 16,889,080</u>	<u>\$ 19,778,768</u>
District's Covered-Employee Payroll	<u>\$ -</u>	<u>\$ 5,252,212</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	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 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, 2019**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 5E.

**SCHOOL BASED BUDGET SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**



**CARLSTADT BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>NCLB Title I</u>	<u>NCLB Title II-A</u>	<u>NCLB Title III</u>	<u>NCLB Title IV</u>	<u>Local Grants</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Total</u>
<b>REVENUES</b>								
Intergovernmental								
Local					\$ 955			\$ 955
Federal	\$ 89,397	\$ 18,398	\$ 1,543	\$ 8,826	-	\$ 137,029	\$ 6,584	\$ 261,777
<b>Total Revenues</b>	<u>\$ 89,397</u>	<u>\$ 18,398</u>	<u>\$ 1,543</u>	<u>\$ 8,826</u>	<u>\$ 955</u>	<u>\$ 137,029</u>	<u>\$ 6,584</u>	<u>\$ 262,732</u>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	\$ 60,086							\$ 60,086
Purchased Professional-Education Services				\$ 2,500				2,500
Tuition - Other Purchased Services						\$ 137,029	\$ 6,584	143,613
General Supplies	-	-	\$ 343	6,326	\$ 955	-	-	7,624
<b>Total Instruction</b>	<u>60,086</u>	<u>-</u>	<u>343</u>	<u>8,826</u>	<u>955</u>	<u>137,029</u>	<u>6,584</u>	<u>213,823</u>
Support Services								
Personnel Services - Employee Benefits	18,627							18,627
Purchased Professional and Technical Services	10,100							10,100
Purchased Professional-Education Services		\$ 18,398	1,200					19,598
Supplies and Materials	584	-	-	-	-	-	-	584
<b>Total Support Services</b>	<u>29,311</u>	<u>18,398</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,909</u>
<b>Total Expenditures</b>	<u>\$ 89,397</u>	<u>\$ 18,398</u>	<u>\$ 1,543</u>	<u>\$ 8,826</u>	<u>\$ 955</u>	<u>\$ 137,029</u>	<u>\$ 6,584</u>	<u>\$ 262,732</u>

**SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**CARLSTADT BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**CARLSTADT BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**EXHIBIT G-1**

**CARLSTADT BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**CARLSTADT BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 55,940	\$ 2,143	\$ 58,083
Total Assets	<u>\$ 55,940</u>	<u>\$ 2,143</u>	<u>\$ 58,083</u>
<b>LIABILITIES</b>			
Due to Other Funds		\$ 501	\$ 501
Payroll Deductions and Withholdings		1,642	1,642
Due to Student Groups	\$ 55,940	-	55,940
Total Liabilities	<u>\$ 55,940</u>	<u>\$ 2,143</u>	<u>\$ 58,083</u>



**CARLSTADT BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2019</u>
ELEMENTARY/MIDDLE SCHOOL				
Carlstadt School Fund	\$ 55,534	\$ 84,527	\$ 84,121	\$ 55,940
Total	<u>\$ 55,534</u>	<u>\$ 84,527</u>	<u>\$ 84,121</u>	<u>\$ 55,940</u>

**CARLSTADT BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Balance, July 1, <u>2018</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2019</u></b>
<b>ASSETS</b>				
Cash	\$ 2,241	\$ 6,810,246	\$ 6,810,344	\$ 2,143
Total Assets	<u>\$ 2,241</u>	<u>\$ 6,810,246</u>	<u>\$ 6,810,344</u>	<u>\$ 2,143</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 1,792	\$ 3,189,071	\$ 3,189,221	\$ 1,642
Accrued Salaries and Wages		3,619,211	3,619,211	
Due to Other Funds	<u>449</u>	<u>1,964</u>	<u>1,912</u>	<u>501</u>
Total Liabilities	<u>\$ 2,241</u>	<u>\$ 6,810,246</u>	<u>\$ 6,810,344</u>	<u>\$ 2,143</u>

**LONG-TERM DEBT**

**CARLSTADT BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2018</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>	
2014 Refunding Bonds	8/15/2014	\$ 17,075,000	5/1/2020	\$ 950,000	5.000 %				
			5/1/2021	995,000	5.000				
			5/1/2022	1,050,000	5.000				
			5/1/2023	1,100,000	5.000				
			5/1/2024	1,155,000	5.000				
			5/1/2025	1,215,000	5.000				
			5/1/2026	1,270,000	5.000				
			5/1/2027	1,340,000	4.000				
			5/1/2028	1,390,000	3.125				
			5/1/2029	1,435,000	4.000				
			5/1/2030	1,490,000	4.000	\$ 14,290,000	\$ 900,000	\$ 13,390,000	
						<u>Totals</u>	<u>\$ 14,290,000</u>	<u>\$ 900,000</u>	<u>\$ 13,390,000</u>
							Paid by Budget Appropriation	<u>\$ 900,000</u>	

**CARLSTADT BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**CARLSTADT BOARD OF EDUCATION  
LONG TERM DEBT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>REVENUES</b>	<b><u>Original Budget</u></b>	<b><u>Adjustments</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Local Sources					
Property Tax Levy	\$ 1,545,788	-	\$ 1,545,788	\$ 1,545,788	-
Total Revenues	<u>1,545,788</u>	<u>-</u>	<u>1,545,788</u>	<u>1,545,788</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	900,000	-	900,000	900,000	
Interest	<u>645,788</u>	<u>-</u>	<u>645,788</u>	<u>645,788</u>	<u>-</u>
Total Expenditures	<u>1,545,788</u>	<u>-</u>	<u>1,545,788</u>	<u>1,545,788</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

This part of the Carlstadt's Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 5,300,976	\$ 5,244,675	\$ 5,461,934	\$ 5,656,821	\$ 5,831,190	\$ 6,254,163	\$ 6,549,520	\$ 7,033,392	\$ 7,767,572	\$ 8,542,152
Restricted	12,122	12,998	242,998	418,012	738,032	1,316,867	2,670,611	3,154,397	4,109,524	3,487,575
Unrestricted	(158,324)	342,738	225,134	406,502	(1,817,336)	(1,849,334)	(1,887,631)	(1,752,832)	(1,765,503)	(259,778)
Total Governmental Activities Net Position	<u>\$ 5,154,774</u>	<u>\$ 5,600,411</u>	<u>\$ 5,930,066</u>	<u>\$ 6,481,335</u>	<u>\$ 4,751,886</u>	<u>\$ 5,721,696</u>	<u>\$ 7,332,500</u>	<u>\$ 8,434,957</u>	<u>\$ 10,111,593</u>	<u>\$ 11,769,949</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 63,203	\$ 57,543	\$ 51,883	\$ 46,223	\$ 40,563	\$ 34,903	\$ 29,243	\$ 23,583	\$ 17,923	\$ 11,758
Unrestricted	35,691	58,210	86,115	60,525	80,367	86,480	89,970	95,747	100,696	110,080
Total Business-Type Activities Net Position	<u>\$ 98,894</u>	<u>\$ 115,753</u>	<u>\$ 137,998</u>	<u>\$ 106,748</u>	<u>\$ 120,930</u>	<u>\$ 121,383</u>	<u>\$ 119,213</u>	<u>\$ 119,330</u>	<u>\$ 118,619</u>	<u>\$ 121,838</u>
District-wide										
Net Investment in Capital Assets	\$ 5,364,179	\$ 5,302,218	\$ 5,513,817	\$ 5,703,044	\$ 5,871,753	\$ 6,289,066	\$ 6,578,763	\$ 7,056,975	\$ 7,785,495	\$ 8,553,910
Restricted	12,122	12,998	242,998	418,012	738,032	1,316,867	2,670,611	3,154,397	4,109,524	3,487,575
Unrestricted	(122,633)	400,948	311,249	467,027	(1,736,969)	(1,762,854)	(1,797,661)	(1,657,085)	(1,664,807)	(149,698)
Total District Net Position	<u>\$ 5,253,668</u>	<u>\$ 5,716,164</u>	<u>\$ 6,068,064</u>	<u>\$ 6,588,083</u>	<u>\$ 4,872,816</u>	<u>\$ 5,843,079</u>	<u>\$ 7,451,713</u>	<u>\$ 8,554,287</u>	<u>\$ 10,230,212</u>	<u>\$ 11,891,787</u>

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

Source: District financial statements



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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 4,921,499	\$ 4,946,784	\$ 5,187,427	\$ 5,948,088	\$ 5,614,358	\$ 6,301,616	\$ 6,472,470	\$ 7,011,339	\$ 6,960,672	\$ 6,421,602
Special Education	1,239,255	1,041,124	1,284,951	1,257,712	1,278,303	1,423,547	1,571,026	2,070,018	2,060,410	1,944,445
Other Instruction	233,466	114,477	312,235	252,509	317,366	313,678	318,631	334,511	396,040	442,855
School Sponsored Activities and Athletics	26,782	24,084	19,583	26,917	32,106	39,603	49,051	59,056	52,280	56,732
Community Service Programs	40,000									-
<b>Support Services:</b>										
Student & Instruction Related Services	1,140,575	1,061,883	979,154	1,072,946	1,188,084	1,358,375	1,361,539	1,493,045	1,555,620	1,515,771
School Administrative Services	342,746	317,607	321,801	329,949	313,240	353,485	384,786	437,079	462,967	426,498
General Administration	351,870	404,109	433,145	438,073	526,629	788,610	472,367	487,572	514,378	509,177
Plant Operations and Maintenance	1,506,301	1,526,383	1,550,582	999,440	1,090,672	1,526,763	1,808,890	1,598,503	1,591,937	1,779,749
Pupil Transportation	199,780	194,250	181,371	125,624	157,626	201,727	163,966	217,035	185,581	237,959
Business/Central Svc./Admin. Info.	457,726	454,975	409,172	395,054	407,947	406,950	401,993	455,254	472,426	474,682
Interest on Long-Term Debt	985,125	957,124	927,873	896,602	865,379	449,932	601,477	587,731	572,097	543,440
<b>Total Governmental Activities Expenses</b>	<u>11,445,125</u>	<u>11,042,800</u>	<u>11,607,294</u>	<u>11,742,914</u>	<u>11,791,710</u>	<u>13,174,286</u>	<u>13,606,196</u>	<u>14,751,153</u>	<u>14,824,408</u>	<u>14,352,910</u>
<b>Business-Type Activities:</b>										
Food service	245,682	258,326	285,404	348,993	297,155	291,652	311,145	310,098	290,991	289,818
<b>Total Business-Type Activities Expense</b>	<u>245,682</u>	<u>258,326</u>	<u>285,404</u>	<u>348,993</u>	<u>297,155</u>	<u>291,652</u>	<u>311,145</u>	<u>310,098</u>	<u>290,991</u>	<u>289,818</u>
<b>Total District Expenses</b>	<u>\$ 11,690,807</u>	<u>\$ 11,301,126</u>	<u>\$ 11,892,698</u>	<u>\$ 12,091,907</u>	<u>\$ 12,088,865</u>	<u>\$ 13,465,938</u>	<u>\$ 13,917,341</u>	<u>\$ 15,061,251</u>	<u>\$ 15,115,399</u>	<u>\$ 14,642,728</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 55,601	\$ 106,667	\$ 39,400	\$ 48,375	\$ 73,600	\$ 80,050	\$ 106,657	\$ 98,738	\$ 114,444	\$ 166,478
Operating Grants and Contributions	1,386,606	937,791	1,257,255	1,457,898	1,444,947	2,609,790	3,046,369	3,904,299	4,190,206	3,330,269
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<u>\$ 1,442,207</u>	<u>\$ 1,044,458</u>	<u>\$ 1,296,655</u>	<u>\$ 1,506,273</u>	<u>\$ 1,518,547</u>	<u>\$ 2,689,840</u>	<u>\$ 3,153,026</u>	<u>\$ 4,003,037</u>	<u>\$ 4,304,650</u>	<u>\$ 3,496,747</u>
<b>Business-Type Activities:</b>										
Charges for services										
Food Service	\$ 187,389	\$ 195,964	\$ 207,542	\$ 202,079	\$ 190,108	\$ 176,503	\$ 183,292	\$ 183,802	\$ 175,349	\$ 177,008
Operating Grants and Contributions	74,082	79,198	100,089	115,494	121,100	115,453	125,512	126,185	114,352	115,064
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<u>261,471</u>	<u>275,162</u>	<u>307,631</u>	<u>317,573</u>	<u>311,208</u>	<u>291,956</u>	<u>308,804</u>	<u>309,987</u>	<u>289,701</u>	<u>292,072</u>
<b>Total District Program Revenues</b>	<u>\$ 1,703,678</u>	<u>\$ 1,319,620</u>	<u>\$ 1,604,286</u>	<u>\$ 1,823,846</u>	<u>\$ 1,829,755</u>	<u>\$ 2,981,796</u>	<u>\$ 3,461,830</u>	<u>\$ 4,313,024</u>	<u>\$ 4,594,351</u>	<u>\$ 3,788,819</u>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (10,002,918)	\$ (9,998,342)	\$ (10,310,639)	\$ (10,236,641)	\$ (10,273,163)	\$ (10,484,446)	\$ (10,453,170)	\$ (10,748,116)	\$ (10,519,758)	\$ (10,856,163)
<b>Business-Type Activities</b>	15,789	16,836	22,227	(31,420)	14,053	304	(2,341)	(111)	(1,290)	2,254
<b>Total District-Wide Net Expense</b>	<u>\$ (9,987,129)</u>	<u>\$ (9,981,506)</u>	<u>\$ (10,288,412)</u>	<u>\$ (10,268,061)</u>	<u>\$ (10,259,110)</u>	<u>\$ (10,484,142)</u>	<u>\$ (10,455,511)</u>	<u>\$ (10,748,227)</u>	<u>\$ (10,521,048)</u>	<u>\$ (10,853,909)</u>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 8,380,526	\$ 8,765,178	\$ 8,940,482	\$ 9,093,292	\$ 9,414,158	\$ 9,737,812	\$ 10,071,271	\$ 10,272,696	\$ 10,547,841	\$ 10,792,767
Property taxes levied for debt service	1,655,621	1,658,821	1,660,821	1,666,621	1,671,021	1,672,021	1,538,861	1,532,308	1,545,388	1,545,788
Unrestricted grants and contributions	2,259	248				5,424	6,205	6,117	5,782	392
Investment earnings	1,661	3,738	3,990	3,484	4,207	6,031	7,613	16,386	71,124	142,109
Miscellaneous income	14,984	15,994	35,001	24,513	46,298	32,968	440,024	23,066	26,259	33,463
Transfers										
Loss on Disposal of Capital Assets										
<b>Total Governmental Activities</b>	<u>10,055,051</u>	<u>10,443,979</u>	<u>10,640,294</u>	<u>10,787,910</u>	<u>11,135,684</u>	<u>11,454,256</u>	<u>12,063,974</u>	<u>11,850,573</u>	<u>12,196,394</u>	<u>12,514,519</u>
Business-Type Activities:										
Investment earnings	12	23	18	170	129	149	171	228	579	965
Transfers										
<b>Total Business-Type Activities</b>	<u>12</u>	<u>23</u>	<u>18</u>	<u>170</u>	<u>129</u>	<u>149</u>	<u>171</u>	<u>228</u>	<u>579</u>	<u>965</u>
<b>Total District-Wide</b>	<u>\$ 10,055,063</u>	<u>\$ 10,444,002</u>	<u>\$ 10,640,312</u>	<u>\$ 10,788,080</u>	<u>\$ 11,135,813</u>	<u>\$ 11,454,405</u>	<u>\$ 12,064,145</u>	<u>\$ 11,850,801</u>	<u>\$ 12,196,973</u>	<u>\$ 12,515,484</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 52,133	\$ 445,637	\$ 329,655	\$ 551,269	\$ 862,521	\$ 969,810	\$ 1,610,804	\$ 1,102,457	\$ 1,676,636	\$ 1,658,356
Business-Type Activities	15,801	16,859	22,245	(31,250)	14,182	453	(2,170)	117	(711)	3,219
<b>Total District</b>	<u>\$ 67,934</u>	<u>\$ 462,496</u>	<u>\$ 351,900</u>	<u>\$ 520,019</u>	<u>\$ 876,703</u>	<u>\$ 970,263</u>	<u>\$ 1,608,634</u>	<u>\$ 1,102,574</u>	<u>\$ 1,675,925</u>	<u>\$ 1,661,575</u>

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 19,593									
Unreserved	78,883									
Restricted		\$ 104,236	\$ 374,960	\$ 693,267	\$ 1,287,428	\$ 1,997,590	\$ 3,352,211	\$ 3,881,751	\$ 5,199,483	\$ 5,857,291
Committed							14,721	333,035		
Assigned		99,145	21,054	77,268	170,619	56,926	61,713	89,863	131,669	320,880
Unassigned		250,000	248,738	242,373	248,794	226,577	236,057	241,613	231,617	238,201
<b>Total General Fund</b>	<b>\$ 98,476</b>	<b>\$ 453,381</b>	<b>\$ 644,752</b>	<b>\$ 1,012,908</b>	<b>\$ 1,706,841</b>	<b>\$ 2,281,093</b>	<b>\$ 3,664,702</b>	<b>\$ 4,546,262</b>	<b>\$ 5,562,769</b>	<b>\$ 6,416,372</b>
All Other Governmental Funds										
Reserved	\$ 11,500									
Unreserved	375,336									
Restricted		\$ 134,619	\$ 63,685	\$ 9,044	\$ 877	\$ 9,007	\$ 8,130			
Committed										
Assigned										
Unassigned										
<b>Total All Other Governmental Funds</b>	<b>\$ 386,836</b>	<b>\$ 134,619</b>	<b>\$ 63,685</b>	<b>\$ 9,044</b>	<b>\$ 877</b>	<b>\$ 9,007</b>	<b>\$ 8,130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Source: District financial statements

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Property Tax Levy	\$ 10,036,147	\$ 10,423,999	\$ 10,601,303	\$ 10,759,913	\$ 11,085,179	\$ 11,409,833	\$ 11,610,132	\$ 11,805,004	\$ 12,093,229	\$ 12,338,555
Interest Earnings	1,661	3,738	3,990	3,484	4,207	6,031	7,613	16,386	71,124	142,109
Miscellaneous	15,534	55,950	77,467	72,888	122,289	114,018	547,654	137,685	141,622	200,896
State Sources	1,079,800	665,419	984,907	1,223,141	1,181,949	1,250,945	1,439,934	1,585,071	1,786,257	1,940,317
Federal Sources	308,515	272,620	269,282	234,757	260,607	277,638	265,197	270,183	269,079	261,777
<b>Total Revenues</b>	<b>11,441,657</b>	<b>11,421,726</b>	<b>11,936,949</b>	<b>12,294,183</b>	<b>12,654,231</b>	<b>13,058,465</b>	<b>13,870,530</b>	<b>13,814,329</b>	<b>14,361,311</b>	<b>14,883,654</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	4,853,027	4,878,455	5,080,080	5,374,388	5,052,526	5,274,372	5,285,357	5,277,159	5,388,314	5,584,814
Special Education Instruction	1,239,255	1,051,845	1,284,951	1,257,712	1,278,303	1,303,584	1,423,526	1,822,446	1,816,574	1,824,000
Other Instruction	233,466	114,477	312,235	252,509	317,366	276,480	268,301	256,964	306,615	395,161
School Sponsored Activities and Athletics	26,782	24,084	19,583	26,917	32,106	34,449	41,082	46,266	42,178	49,890
Community Service Programs	40,000									
<b>Support Services:</b>										
Student & Inst. Related Services	1,139,326	1,066,322	979,154	1,072,946	1,188,084	1,358,375	1,323,855	1,376,350	1,399,660	1,467,379
General Administrative	387,351	395,497	433,145	438,073	512,734	607,616	461,718	455,924	472,365	495,965
School Administrative Services	344,942	326,219	321,801	329,949	313,240	326,442	332,955	348,993	375,618	383,025
Plant Operations and Maintenance	936,718	942,845	979,321	892,633	983,936	974,973	1,240,196	1,016,119	998,687	1,171,887
Pupil Transportation	199,780	194,250	181,371	125,624	157,626	201,727	163,126	214,449	182,090	237,636
Business Svcs./Central Svcs/Admin. Info. Tech.	415,614	390,882	409,172	395,054	407,947	406,950	389,905	416,808	423,065	457,071
Capital outlay	311,077	251,713	131,250	125,347	49,639	47,224	18,039	168,983	394,250	417,435
<b>Debt service:</b>										
Principal	689,657	720,658	751,710	787,814	803,913	1,110,000	810,000	835,000	865,000	900,000
Interest and other charges	989,592	961,791	932,739	901,702	871,045	558,323	729,738	705,438	680,388	645,788
Advanced Refunding Escrow						792,328				
Cost of Issuance on Refunded Bonds	-	-	-	-	-	163,436	-	-	-	-
<b>Total Expenditures</b>	<b>11,806,587</b>	<b>11,319,038</b>	<b>11,816,512</b>	<b>11,980,668</b>	<b>11,968,465</b>	<b>13,436,279</b>	<b>12,487,798</b>	<b>12,940,899</b>	<b>13,344,804</b>	<b>14,030,051</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(364,930)	102,688	120,437	313,515	685,766	(377,814)	1,382,732	873,430	1,016,507	853,603
<b>Other Financing sources (uses)</b>										
Payments to Refunded Bond Escrow Agent						(18,107,000)				
Refunding Bond Proceeds						17,075,000				
Premium on Issuance of Refunding Bonds						1,992,196				
Capital Leases										
Transfers in	637	876	198	93	9	25	8	-	-	-
Transfers out	(637)	(876)	(198)	(93)	(9)	(25)	(8)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>960,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (364,930)</b>	<b>\$ 102,688</b>	<b>\$ 120,437</b>	<b>\$ 313,515</b>	<b>\$ 685,766</b>	<b>\$ 582,382</b>	<b>\$ 1,382,732</b>	<b>\$ 873,430</b>	<b>\$ 1,016,507</b>	<b>\$ 853,603</b>
Debt service as a percentage of noncapital expenditures	14.61%	15.20%	14.42%	14.25%	14.05%	19.60%	14.09%	13.72%	13.55%	12.81%

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

Source: District financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Refunds/ Reimbursements</u>	<u>Book Fines</u>	<u>Insurance Settlement</u>	<u>Legal Settlement</u>	<u>E-Rate</u>	<u>Miscellaneous</u>	<u>Total</u>
2010	\$ 1,024			\$ 14,583	\$ 122				\$ 279	\$ 16,008
2011	2,862	\$ 39,956							15,994	58,812
2012	3,792	39,400							35,001	78,193
2013	3,391	48,375						\$ 15,595	4,215	71,576
2014	4,198	33,600	\$ 40,000					17,126	29,172	124,096
2015	6,006	35,750	44,300	1,685				18,758	12,525	119,024
2016	7,605	61,537	45,120				\$ 410,000		30,024	554,286
2017	16,386	52,785	45,953	11,107				8,078	3,881	138,190
2018	71,124	67,644	46,800	12,768				10,519	2,972	211,827
2019	142,109	117,808	48,670	6,840		10,818		14,225	1,580	342,050

Source: District financial statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2010	\$ 18,265,130	\$ 246,979,407			\$ 191,699,410	\$ 491,574,688	\$ 5,691,900	\$ 954,210,535	\$ 1,865,607	\$ 956,076,142	\$ 2,692,987,959	\$ 1.090
2011	18,162,930	246,384,007			173,503,810	488,209,888	5,691,900	931,952,535	1,813,445	933,765,980	2,258,731,302	1.135
2012	19,242,430	245,690,007			160,241,410	488,367,588	5,691,900	919,233,335	1,813,445	921,046,780	1,987,627,519	1.169
*2013	34,305,800	515,816,100			377,826,200	1,062,832,900	12,522,700	2,003,303,700	3,783,126	2,007,086,826	2,016,315,081	0.553
2014	31,223,500	514,640,900			373,118,400	1,087,516,700	12,522,700	2,019,022,200	3,613,428	2,022,635,628	1,932,600,159	0.565
2015	33,288,000	512,603,600			361,637,400	1,083,418,000	12,497,700	2,003,444,700	3,753,851	2,007,198,551	2,058,775,005	0.578
2016	30,238,700	512,535,900			337,670,700	1,085,006,205	12,497,700	1,977,949,205	3,473,074	1,981,422,279	2,187,721,816	0.596
2017	26,542,600	558,534,900			401,686,300	1,248,209,800	12,256,700	2,247,230,300	3,837,014	2,251,067,314	2,290,376,074	0.538
2018	27,363,800	570,090,500			386,003,900	1,313,982,000	12,607,300	2,310,047,500	3,837,014	2,313,884,514	2,327,118,392	0.533
2019	28,374,300	584,327,100			405,706,600	1,415,030,800	12,998,400	2,446,437,200	3,837,014	2,450,274,214	2,389,704,018	0.530

Source: County Abstract of Ratables

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<sup>a</sup> Tax rates are per \$100

\* The Borough underwent a revaluation effective calendar year 2013.

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

Overlapping Rates

Calendar Year	Total Direct School Tax Rate	Regional School District	Municipality	Municipal Library	County	Total Direct and Overlapping Tax Rate
2010	\$ 1.090	\$ 0.636	\$ 1.727		\$ 0.548	\$ 4.001
2011	1.135	0.617	1.685	\$ 0.083	0.495	4.015
2012	1.169	0.634	1.767	0.078	0.497	4.145
* 2013	0.553	0.297	0.880	0.033	0.219	1.982
2014	0.565	0.306	0.884	0.031	0.205	1.991
2015	0.578	0.316	0.896	0.034	0.246	2.070
2016	0.596	0.364	0.869	0.036	0.261	2.126
2017	0.538	0.324	0.763	0.034	0.247	1.906
2018	0.533	0.322	0.780	0.048	0.239	1.922
2019	0.530	0.295	0.759	0.031	0.238	1.853

Source: Municipal Tax Collector

\* The Borough underwent a revaluation effective calendar year 2013

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

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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 307,637,100	12.6%		
AMB Properties	117,024,500	4.8%		
Trans Con Pipe Line	54,190,200	2.2%		
Prologis	50,025,100	2.0%		
ICON US Industrial	48,256,100	2.0%		
Starke Commercial Center	35,083,000	1.4%		
I&G Direct	34,257,000	1.4%		
Plank Pat. Realty	22,003,800	0.9%		
455 Sixteenth St. LLC	19,390,000	0.8%		
Thumann, Inc.	12,551,500	0.5%		
	<u>\$ 700,418,300</u>	<u>31.1%</u>		
Trans Con Pipe Line			\$ 43,926,600	4.6%
Prologis Trust			42,153,000	4.4%
AMB Properties			41,918,200	4.3%
Barell Assoc.			8,749,200	0.9%
Plank Pat. Realty			8,507,000	0.9%
455 Sixteenth St. LLC			7,750,000	0.8%
A.G. Holdings			5,825,000	0.6%
Kindergan/Jomike & Mijack			5,400,000	0.6%
Individual Taxpayer			200,000	0.0%
			<u>\$ 164,429,000</u>	<u>17.04%</u>

Source: Municipal Tax Assessor



**CARLSTADT BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 10,036,147	\$ 10,036,147	100.00%	
2011	10,423,999	10,423,999	100.00%	
2012	10,601,303	10,601,303	100.00%	
2013	10,759,913	10,759,913	100.00%	
2014	11,085,179	11,085,179	100.00%	
2015	11,409,833	11,409,833	100.00%	
2016	11,610,132	11,610,132	100.00%	
2017	11,805,004	11,805,004	100.00%	
2018	12,093,229	11,214,242	92.73%	\$ 878,987
2019	12,338,555	12,338,555	100.00%	

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Capital Leases			
2010	21,937,000	69,095		22,006,095	6,127	3,592
2011	21,237,000	48,437		21,285,437	6,161	3,455
2012	20,507,000	26,727		20,533,727	6,174	3,326
2013	19,742,000	3,913		19,745,913	6,188	3,191
2014	18,942,000	-		18,942,000	6,188	3,061
2015	16,800,000	-		16,800,000	6,199	2,710
2016	15,990,000	-		15,990,000	6,181	2,587
2017	15,155,000	-		15,155,000	6,214	2,439
2018	14,290,000	-		14,290,000	6,191	2,308
2019	13,390,000	-		13,390,000	6,191 E	2,163

Source: District records

E - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2010	\$ 21,937,000		\$ 21,937,000	2.29%	\$ 3,580
2011	21,237,000		21,237,000	2.27%	3,447
2012	20,507,000		20,507,000	2.23%	3,322
2013	19,742,000		19,742,000	0.98% *	3,190
2014	18,942,000		18,942,000	0.94%	3,061
2015	16,800,000		16,800,000	0.84%	2,710
2016	15,990,000	\$ 8,130	15,981,870	0.81%	2,586
2017	15,155,000		15,155,000	0.67%	2,439
2018	14,290,000		14,290,000	0.62%	2,308
2019	13,390,000		13,390,000	0.55%	2,163

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

\* The Borough underwent a revaluation effective calendar year 2013

**CARLSTADT BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2018  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Carlstadt Board of Education (As of June 30, 2019)	\$ 13,390,000	\$ 13,390,000	
Borough of Carlstadt	<u>15,136,498</u>	<u>1,862,000</u>	<u>\$ 13,274,498</u>
	<u>\$ 28,526,498</u>	<u>\$ 15,252,000</u>	<u>13,274,498</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			18,831,220
Bergen County Utilities Authority - Water Pollution (B)			<u>2,002,874</u>
			<u>20,834,094</u>
 Total Direct and Overlapping Debt			 <u>\$ 34,108,592</u>

Source:

(1) Borough of Carlstadt's 2018 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt by dividing the municipality's 2018 equalized value by the total 2018 equalized value for Bergen County.

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

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

**Legal Debt Margin Calculation for Fiscal Year 2019**

	Equalized valuation basis	
	2018	\$ 3,301,482,778
	2017	3,295,059,091
	2016	2,288,763,255
	<u>[A]</u>	<u>\$ 8,885,305,124</u>
Average equalized valuation of taxable property	[A/3]	\$ 2,961,768,375
Debt limit (3 % of average equalization value)	[B]	88,853,051 a
Total Net Debt Applicable to Limit	[C]	<u>13,390,000</u>
Legal debt margin	[B-C]	<u>\$ 75,463,051</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>	<u>2019</u>
Debt limit	\$ 76,552,647	\$ 76,190,337	\$ 71,851,095	\$ 64,522,987	\$ 60,354,328	\$ 59,351,466	\$ 61,436,860	\$ 65,366,381	\$ 77,781,758	\$ 88,853,051
Total net debt applicable to limit	<u>21,937,181</u>	<u>21,237,181</u>	<u>20,507,181</u>	<u>19,742,181</u>	<u>18,942,000</u>	<u>16,800,000</u>	<u>15,990,000</u>	<u>15,155,000</u>	<u>14,290,000</u>	<u>13,390,000</u>
Legal debt margin	<u>\$ 54,615,466</u>	<u>\$ 54,953,156</u>	<u>\$ 51,343,914</u>	<u>\$ 44,780,806</u>	<u>\$ 41,412,328</u>	<u>\$ 42,551,466</u>	<u>\$ 45,446,860</u>	<u>\$ 50,211,381</u>	<u>\$ 63,491,758</u>	<u>\$ 75,463,051</u>
Total net debt applicable to the limit as a percentage of debt limit	28.66%	27.87%	28.54%	30.60%	31.38%	28.31%	26.03%	23.18%	18.37%	15.07%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2010	6,127	65,992	7.20%
2011	6,161	68,865	7.10%
2012	6,174	71,789	7.20%
2013	6,188	71,100	8.80%
2014	6,188	73,637	6.60%
2015	6,199	76,821	5.60%
2016	6,181	77,901	5.00%
2017	6,214	81,203	5.00%
2018	6,191	N/A	4.50%
2019	6,191 E	N/A	N/A

N/A - Not Available

Source: New Jersey State Department of Education

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

	<u>2019</u>		<u>2010</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</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>	<u>2019</u>
<b>Instruction</b>										
Regular	46	47	49	50	50	50	50	50	50	40
Special Education										
Other Special Education	6	6	11	8	8	8	10	10	10	10
Vocational										
Other Instruction				3	1	1	1			11
Nonpublic school programs										
Adult/continuing education programs										
<b>Support Services:</b>										
Student & instruction related services	6	6	8	9	9	9	8	8	8	8
General administration	3	3	2	2	2	2	2	2	2	2
School administrative services	3	3	3	3	3	6	6	5	5	5
Other administrative services										
Central services	2	2	2	2	2	2	2	2	2	2
Administrative Information Technology			1			1	1	1	1	1
Plant operations and maintenance	5	5	7	8	7	5	5	3	3	6
Pupil transportation										
Other support services										
Special Schools										
Food Service										
Child Care										
<b>Total</b>	<u>71</u>	<u>72</u>	<u>83</u>	<u>85</u>	<u>82</u>	<u>84</u>	<u>85</u>	<u>81</u>	<u>81</u>	<u>85</u>

Source: District Personnel Records



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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2010	588	\$ 9,816,261	\$ 16,694	2.07%	50	1:12	575	548	-1.20%	95.30%
2011	595	9,384,876	15,773	-5.52%	53	1:13	592	564	2.96%	95.27%
2012	584	10,000,813	17,125	8.57%	48	1:12	580	555	-2.03%	95.69%
2013	603	10,165,805	16,859	-1.55%	47	1:13	599	569	3.28%	94.99%
2014	592	10,243,868	17,304	2.64%	47	1:13	592	564	-1.17%	95.27%
2015	574	10,764,968	18,754	8.38%	47	1:12	574	544	-3.04%	94.77%
2016	559	10,930,021	19,553	4.26%	50	1:11	564	537	-1.74%	95.21%
2017	538	11,231,478	20,876	6.77%	50	1:11	535	514	-5.14%	96.07%
2018	558	11,405,166	20,439	-2.09%	50	1:11	541	512	1.12%	94.64%
2019	551	12,066,828	21,900	0.071	40	1:14	549	522	1.48%	95.08%

Sources: District records

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

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

<u>District Building</u>	<u>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>	<u>2019</u>
<b>Carlstadt Public School</b>										
Square Feet	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000
Capacity (students)										
Enrollment	580	595	584	603	592	574	559	538	558	551

Number of Schools at June 30, 2019  
Elementary/Middle = 1

Source: District Records

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

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

Project # (s)	<u>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>	<u>2019</u>
School Facilities										
Carlstadt School Public School	\$ 29,770	\$ 38,954	\$ 42,399	\$ 60,625	\$ 137,095	\$ 122,214	\$ 324,017	\$ 150,071	\$ 135,083	\$ 130,157
Grand Total	<u>\$ 29,770</u>	<u>\$ 38,954</u>	<u>\$ 42,399</u>	<u>\$ 60,625</u>	<u>\$ 137,095</u>	<u>\$ 122,214</u>	<u>\$ 324,017</u>	<u>\$ 150,071</u>	<u>\$ 135,083</u>	<u>\$ 130,157</u>

Source: District Records

Source: School District's financial statements

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2019  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Property *		
Blanket Buildings and Contents	\$ 27,819,195	\$5,000
Commercial General Liability *	2,000,000	
Employers Liability	1,000,000	\$1,000
Automobile *	1,000,000	
Commercial Umbrella		
Starstone National Insurance Co.	15,000,000	First Umbrella Layer
Fireman's Fund Insurance Co.	50,000,000	Shared Pool Excess Layer
Boiler and Machinery*	250,000	Shared Pool Limit
	5,000	Deductible
Education Legal Liability/Employment Practices Liability		
Greenwich Insurance Co.	1,000,000	
Excess & Special Risk		
(Terrorism)		
American Alternative Insurance Co.	1,000,000	
Public Employee Dishonesty **	500,000	\$100,000 per Employee
Cyber Liability	6,000,000	
(Indian Harbor)		

\* Great American Insurance Co.

\*\*Selective Insurance Company of America

Source: School District's records

**SINGLE AUDIT**



# 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  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Carlstadt Board of Education's basic financial statements and have issued our report thereon dated November 25, 2019.

**Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Carlstadt Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 25, 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 Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Andrew D. Parente  
Public School Accountant  
PSA Number CS002246

Fair Lawn, New Jersey  
November 25, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
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SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR’S REPORT**

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

**Report on Compliance for Each Major State Program**

We have audited the Carlstadt Board of Education’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Carlstadt Board of Education’s major state programs for the fiscal year ended June 30, 2019. The Carlstadt Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

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

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Carlstadt Board of Education’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Carlstadt Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Carlstadt Board of Education's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Carlstadt Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

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

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

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

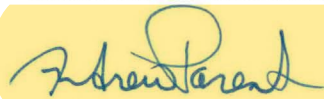
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the Carlstadt Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 25, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Andrew D. Parente  
Public School Accountant  
PSA Number CS002246

Fair Lawn, New Jersey  
November 25, 2019

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, July 1, 2018					Balance, June 30, 2019					Memo GAAP Receivable
						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Carryover Deferred Revenue	Carryover Receivable	Cash Received	Budgetary Expenditures	Unearned Revenue	(Accounts Receivable)	Due to Grantor	
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education</b>																
<b>Enterprise Fund</b>																
National School Lunch Program	10.555															
Non-Cash Assistance (Food Distribution)		191NJ304N1099	N/A	7/1/18-6/30/19	\$ 21,270						\$ 21,270	\$ 19,734	\$ 1,536			
Non-Cash Assistance (Food Distribution)		181NJ304N1099	N/A	7/1/17-6/30/18	22,078	\$ 891						891				
Cash Assistance		191NJ304N1099	N/A	7/1/18-6/30/19	81,459						75,004	81,459		\$ (6,455)		\$ (6,455)
Cash Assistance		181NJ304N1099	N/A	7/1/17-6/30/18	78,637		\$ (7,384)				7,384					
Health Hunger-Free Kids Act of 2011	10.555															
Cash Assistance		191NJ304N1099	N/A	7/1/18-6/30/19	3,429						3,163	3,429		(266)		(266)
Cash Assistance		181NJ304N1099	N/A	7/1/17-6/30/18	3,413		(325)				325					
National School Breakfast Program	10.553															
Cash Assistance		191NJ304N1099	N/A	7/1/18-6/30/19	6,584						6,103	6,584		(481)		(481)
Cash Assistance		181NJ304N1099	N/A	7/1/17-6/30/18	7,638		(665)				665					
Total U.S. Department of Agriculture/Child Nutrition Cluster						891	(8,374)	-	-	-	113,914	112,097	1,536	(7,202)	-	(7,202)
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education</b>																
<b>Special Revenue Fund</b>																
ESEA Title III - Immigrant	84.365	S365A170030	ESEA074018	7/1/18-6/30/19	1,545						1,200	1,200	345	(345)		-
ESEA Title III - Part A	84.365	S365A170030	ESEA074018	7/1/18-6/30/19	-				\$ 459	\$ (459)	343	343	116	(116)		-
ESEA Title III - Part A	84.365	S365A170030	ESEA074018	7/1/17-6/30/18	10,000	459	(8,379)		(459)	459	7,920					(706)
NCLB Title III (Consortium)	84.365	S365A160030	NCLB074017	7/1/16-6/30/17	9,678		(706)							(706)		(706)
Total Special Education Cluster (Title III)												1,543				
IDEA Part B	84.027	H027A170100	IDEA074018	7/1/18-6/30/19	137,029						137,029	137,029				-
IDEA Preschool	84.173	H173A170114	IDEA074018	7/1/18-6/30/19	6,584						6,584	6,584				-
Total Special Education Cluster (IDEA)												143,613				
ESEA Title I	84.010	S010A170030	ESEA074018	7/1/18-6/30/19	95,772				1,473	(1,473)	67,765	89,397	7,848	(29,480)		(21,632)
ESEA Title I	84.010	S010A170030	ESEA074018	7/1/17-6/30/18	95,076	1,473	(39,726)		(1,473)	1,473	38,253					
ESEA Title II- A	84.367A	S367A170029	ESEA074018	7/1/18-6/30/19	14,952				7,398	(7,398)	17,098	18,398	3,952	(5,252)		(1,300)
ESEA Title II- A	84.367A	S367A170029	ESEA074018	7/1/17-6/30/18	13,049	7,398	(9,106)		(7,398)	7,398	1,708					
ESEA Title IV	84.424	S424A170031	ESEA074018	7/1/18-6/30/19	10,000				3,119	(3,119)	3,005	8,826	4,293	(10,114)		(5,821)
ESEA Title IV	84.424	S424A170031	ESEA074018	7/1/17-6/30/18	10,000	3,119	(3,119)		(3,119)	3,119						
Total U.S. Department of Education					12,449	(61,036)	-	-	-	-	280,905	261,777	16,554	(46,013)	-	(29,459)
Total Federal Awards					\$ 13,340	\$ (69,410)	\$ -	\$ -	\$ -	\$ -	\$ 394,819	\$ 373,874	\$ 18,090	\$ (53,215)	\$ -	\$ (36,661)

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

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

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2019			MEMO	
								Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>												
<u>General Fund</u>												
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	\$ 56,138			\$ 54,119	\$ 56,138		\$ (2,019)			\$ 56,138
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	24,947	(1,636)		1,636						-
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	226,694			218,542	226,694		(8,152)			226,694
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	226,694	(14,868)		14,868						-
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	5,980	(392)		392						-
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	5,980	(392)		392						-
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	5,390	(354)		354						-
Total State Aid Public Cluster							<u>282,832</u>					
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	45,263			43,635	45,263		(1,628)			45,263
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	11,303	(741)		741						-
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	113,750				113,750		(113,750)			113,750
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	91,776	(91,776)		92,132	356		-			356
Lead Testing for Schools Aid	19-495-034-5120-104	7/1/18-6/30/19										-
On-Behalf TPAF Pension System Contributions NCGI	19-495-034-5094-004	7/1/18-6/30/19	16,798			16,798	16,798					16,798
On-Behalf TPAF Pension System Contributions Normal Costs and Accrued Liability	19-495-034-5094-002	7/1/18-6/30/19	802,465			802,465	802,465					802,465
On-Behalf TPAF Contributions (Post Retirement Medical)	19-495-034-5094-001	7/1/18-6/30/19	371,617			371,617	371,617					371,617
On-Behalf TPAF Contributions (Long-Term Disability Insurance Premium)	19-495-034-5094-004	7/1/18-6/30/19	300			300	300					300
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	322,326			306,329	322,326 ✓		(15,997)		\$ (15,997)	322,326
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	318,081	(17,763)		17,763						-
Total General Fund				(127,922)		1,942,083	1,955,707		(141,546)		(15,997)	1,955,707
<b>State Department of Agriculture</b>												
<u>Enterprise Fund</u>												
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	2,967			2,737	2,967		(230)		(230)	2,967
Total Enterprise Fund						2,737	2,967		(230)		(230)	2,967
Total State Financial Assistance Subject to Single Audit Determination				(127,922)		1,944,820	1,958,674 ✓		(141,776)		(16,227)	1,958,674
<b>State Financial Assistance Not Subject to Major Program Determination</b>												
<u>General Fund</u>												
On-Behalf TPAF Pension System Contributions-NCGI	19-495-034-5094-004	7/1/18-6/30/19	16,798			(16,798)	(16,798) ✓					(16,798)
On-Behalf TPAF Normal Costs	19-495-034-5094-002	7/1/18-6/30/19	802,465			(802,465)	(802,465) ✓					(802,465)
On-Behalf TPAF Post-Retirement Medical Contributions	19-495-034-5094-001	7/1/18-6/30/19	371,617			(371,617)	(371,617) ✓					(371,617)
On-Behalf TPAF Long-Term Disability Ins. Contributions	19-495-034-5094-004	7/1/18-6/30/19	300			(300)	(300) ✓					(300)
Total State Financial Assistance Subject to Major Program Determination				\$ (127,922)	\$ -	\$ 753,640	\$ 767,494 ✓	\$ -	\$ (141,776)	\$ -	\$ (16,227)	\$ 767,494

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

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Carlstadt Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$15,390 for the general fund. No adjustment was required for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,940,317	\$ 1,940,317
Special Revenue Fund	\$ 261,777		261,777
Food Service Fund	112,097	2,967	115,064
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	\$ 373,874	\$ 1,943,284	\$ 2,317,158
	<hr/>	<hr/>	<hr/>

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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 \$322,326 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$819,263, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$371,617 and TPAF Long-Term Disability Insurance in the amount of \$300 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

Type of auditor's report issued on financial statements

Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

2) Were significant deficiencies identified that are not considered to be material weakness(es)?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to the basic financial statements noted?

\_\_\_\_\_ yes        X   no

**Federal Awards Section**

Not Applicable

CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

(1) Material weaknesses identified?  yes  no

2) Were significant deficiencies identified that are not considered to be material weakness(es)?  yes  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  no

Identification of major state programs:

<u>GMIS Number</u>
19-495-034-5094-003
_____
_____
_____
_____
_____
_____
_____

<u>Name of State Program or Cluster</u>
Reimbursed TPAF Social
Security Contributions
_____
_____
_____
_____
_____
_____

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no



CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

*Part 2 – Schedule of Financial Statement Findings*

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

There are none.

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*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 BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*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**

Not Applicable.

**CARLSTADT BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2018-001**

**Condition**

Salaries used to determine state reimbursements for FICA paid for T.P.A.F. members included certain non-pensionable wages.

**Current Status**

Corrective action has been taken.