

CARLSTADT BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Carlstadt, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Carlstadt Board of Education

Carlstadt, New Jersey

For The Fiscal Year Ended June 30, 2020

Prepared by

Business Office

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INTRODUCTORY SECTION



Carlstadt Public School

550 Washington Street
Carlstadt, NJ 07072

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

PH: 201.672.3000
FAX: 201.672.9845

January 29, 2021

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, 2020, 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 2019-2020 fiscal year with an average daily enrollment of 539 students, which is 10 students less than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2019-20	539	(1.82)%
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%

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 2019-2020 school year several major initiatives were undertaken. We completed a Secure Vestibule project this summer, which included an upgrade to our main entrance and pathways into the building as well as an increase in the security of the main entrance in the form of bullet resistant glass and paneling, we also updated the OT/PT room. We made multiple maintenance related upgrades to improve the function and longevity of various internal systems (i.e. security, HVAC, painting) and the overall interior of the building. We anticipate lighting upgrades/replacements in several areas of the building, and upgrade of the main playground, and a boiler room update in coming budget cycles, once normal operations resume.

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:

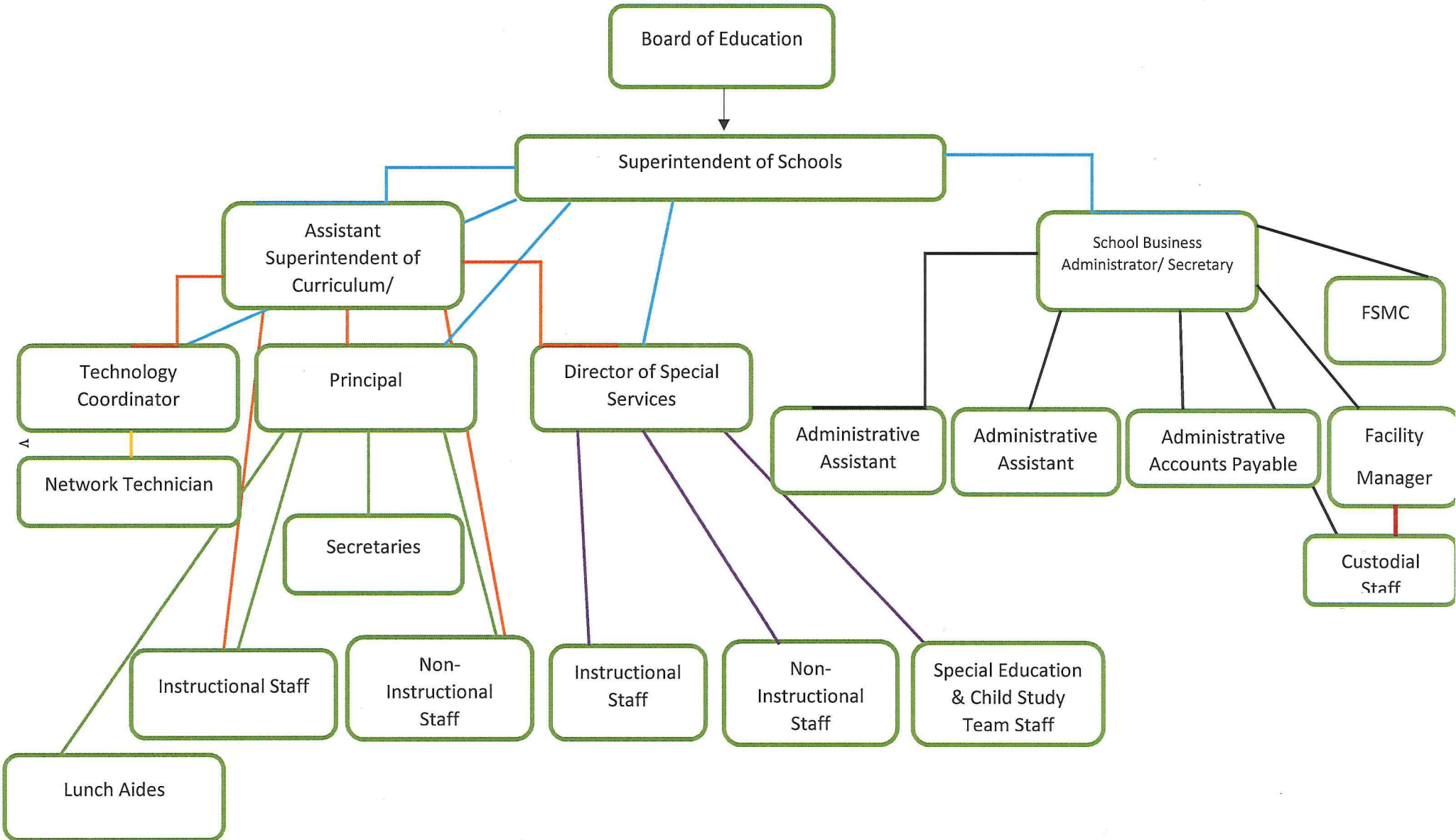
We would like to express our appreciation to the members of the Carlstadt School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The 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

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

1110 ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Massimo Offreda, President	2020
Frank Ficetola, Vice President	2022
Marc Christiano	2020
Jose Figueroa	2020
Maria McNeill	2021
Lori Nunziato	2021
Henry Riveros	March 2020
Marc Cherichella	2020
Abhishake Shah	2021
 <u>Other Officials</u>	
Stephen Kollinok, Superintendent of Schools	
Allie Evans, Assistant Superintendent	
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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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, 2020 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, 2020, 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 January 29, 2021 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 solely 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
January 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

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, 2020. 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 (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2019-2020 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 \$13,045,607 (net position).
- General revenues accounted for \$12,690,416 or 79 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,291,395 or 21 percent of total revenues of \$15,981,811.
- The School District had \$14,827,991 in expenses; only \$3,291,395 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,690,416 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$13,399,449 in revenues and \$13,100,433 in expenditures. The General Fund's fund balance increased by \$299,016 from \$6,416,372 at June 30, 2019 to \$6,715,388 at June 30, 2020.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending balance of \$6,715,389. The combined fund balance increased by \$299,017 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, 2020

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 2020?" 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, 2020

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, 2020 and 2019, respectively.

Statement of Net Position
as of June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current Assets	\$ 6,852,371	\$ 6,695,349	\$ 75,629	\$ 132,739	\$ 6,928,000	\$ 6,828,088
Capital Assets, net of accumulated depreciation	22,377,441	22,606,395	14,546	11,758	22,391,987	22,618,153
Total Assets	<u>29,229,812</u>	<u>29,301,744</u>	<u>90,175</u>	<u>144,497</u>	<u>29,319,987</u>	<u>29,446,241</u>
Deferred Outflows of Resources	<u>643,246</u>	<u>916,889</u>	<u>-</u>	<u>-</u>	<u>643,246</u>	<u>916,889</u>
Liabilities						
Long-Term liabilities	15,659,376	17,133,163			15,659,376	17,133,163
Other Liabilities	229,196	379,108	6,779	21,123	235,975	400,231
Total Liabilities	<u>15,888,572</u>	<u>17,512,271</u>	<u>6,779</u>	<u>21,123</u>	<u>15,895,351</u>	<u>17,533,394</u>
Deferred Inflows of Resources	<u>1,022,275</u>	<u>936,413</u>	<u>-</u>	<u>1,536</u>	<u>1,022,275</u>	<u>937,949</u>
Net Position						
Net Investment in Capital Assets	9,353,937	8,542,152	14,546	11,758	9,368,483	8,553,910
Restricted	3,487,576	3,487,575			3,487,576	3,487,575
Unrestricted	120,698	(259,778)	68,850	110,080	189,548	(149,698)
Total Net Position	<u>\$ 12,962,211</u>	<u>\$ 11,769,949</u>	<u>\$ 83,396</u>	<u>\$ 121,838</u>	<u>\$ 13,045,607</u>	<u>\$ 11,891,787</u>

The District's combined net position as of June 30, 2020 and 2019 were \$13,045,607 and \$11,891,787, respectively.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

The following shows changes in net position for fiscal years ended June 30, 2020 and 2019.

**Change in Net Position
For The Fiscal Years Ended June 30, 2020 and 2019**

	Governmental		Business-		Total	
	Activities		Type			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services	\$ 100,960	\$ 166,478	\$ 114,870	\$ 177,008	\$ 215,830	\$ 343,486
Operating Grants and Contributions	2,996,938	3,330,269	78,627	115,064	3,075,565	3,445,333
General Revenues						
Property Taxes	12,559,214	12,338,555			12,559,214	12,338,555
Other	<u>130,672</u>	<u>175,964</u>	<u>530</u>	<u>965</u>	<u>131,202</u>	<u>176,929</u>
Total Revenues	<u>15,787,784</u>	<u>16,011,266</u>	<u>194,027</u>	<u>293,037</u>	<u>15,981,811</u>	<u>16,304,303</u>
Expenses						
Instruction						
Regular	6,235,987	6,421,602			6,235,987	6,421,602
Special Education	2,353,713	1,944,445			2,353,713	1,944,445
Other Instruction	490,251	442,855			490,251	442,855
School Sponsored Activities and Athletics	43,357	56,732			43,357	56,732
Support Services						
Student and Instruction Related Services	1,439,813	1,515,771			1,439,813	1,515,771
School Administrative Services	437,547	426,498			437,547	426,498
General Administrative Services	529,735	509,177			529,735	509,177
Plant Operations and Maintenance	1,858,579	1,779,749			1,858,579	1,779,749
Pupil Transportation	212,095	237,959			212,095	237,959
Business Svcs/Central Services/Admin. Info Tech.	492,315	474,682			492,315	474,682
Interest on Long-Term Debt	502,130	543,440			502,130	543,440
Food Services	<u>-</u>	<u>-</u>	<u>232,469</u>	<u>289,818</u>	<u>232,469</u>	<u>289,818</u>
Total Expenses	<u>14,595,522</u>	<u>14,352,910</u>	<u>232,469</u>	<u>289,818</u>	<u>14,827,991</u>	<u>14,642,728</u>
Change in Net Position	1,192,262	1,658,356	(38,442)	3,219	1,153,820	1,661,575
Net Position, Beginning of Year	<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>
Net Position, End of Year	<u>\$ 12,962,211</u>	<u>\$ 11,769,949</u>	<u>\$ 83,396</u>	<u>\$ 121,838</u>	<u>\$ 13,045,607</u>	<u>\$ 11,891,787</u>

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

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 80 percent of revenues for governmental activities for the Carlstadt School District in fiscal year 2020. The District's governmental activities total revenues were \$15,787,784 for the fiscal year ended June 30, 2020, a decrease of \$223,482 from the previous year. Federal, state, and local grants/aid accounted for 20 percent of revenue. The balance of revenues is charges for services (tuition and rental fees) and miscellaneous income which includes investment earnings.

The total cost of all governmental activities programs and services was \$14,595,522. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$9,123,308 (63%) of total expenses. Student and other support services, exclusive of administration and interest on long-term debt, totaled \$3,510,487 or (24%) of total expenses. Total administrative expenses of \$1,459,597 accounted for 10% of total expenses. The balance of expenses \$502,130 (3%) relate to interest and other charges on long-term debt. The District's total governmental activities expenses increased \$242,612 over the amount of 2018/2019 expenses largely due to the increase in on-behalf TPAF expenses.

Business-Type Activities

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

- Food service expenses exceeded revenues by \$38,442.
- Charges for services represent 59 percent of revenue. This represents amounts paid for daily lunch service.
- State and Federal reimbursement for school breakfast and lunch was \$78,627 or 41 percent of total revenues.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

Total and Net Cost of Governmental Activities

The District's total cost of services was \$14,595,522 for the fiscal year ended June 30, 2020. After applying program revenues derived from charges for services of \$100,960 and operating grants and contributions of \$2,996,938 the net cost of services of the District is \$11,497,626.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	6,235,987	\$ 6,421,602	\$ 4,468,015	\$ 4,355,015
Special Education	2,353,713	1,944,445	1,529,245	1,118,173
Other Instruction	490,251	442,855	282,610	244,942
School Sponsored Activities and Athletics	43,357	56,732	30,942	39,682
Support Services				
Student and Instruction Related Services	1,439,813	1,515,771	1,404,891	1,433,360
School Administrative Services	437,547	426,498	350,430	324,831
General Administrative Services	529,735	509,177	527,524	494,945
Plant Operations and Maintenance	1,858,579	1,779,749	1,748,228	1,651,450
Pupil Transportation	212,095	237,959	165,212	193,235
Business Services/Central Svcs./Admin. Info.	492,315	474,682	488,397	457,090
Interest on Long-Term Debt	502,130	543,440	502,132	543,440
Total	<u>\$ 14,595,522</u>	<u>\$ 14,352,910</u>	<u>\$ 11,497,626</u>	<u>\$ 10,856,163</u>

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

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

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

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

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

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

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 \$6,715,389. For the fiscal year ended June 30, 2019, the fund balance was \$6,416,372.

Revenues for the District's governmental funds were \$15,229,901 while total expenses were \$14,930,884.

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, 2020 and 2019.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Tax Levy	\$ 11,008,426	\$ 10,792,767	\$ 215,659	2%
Interest	120,359	142,109	(21,750)	-15%
State/Federal				
Sources	2,159,391	1,940,317	219,074	11%
Miscellaneous	<u>111,273</u>	<u>199,941</u>	<u>(88,668)</u>	-44%
 Total General Fund Revenues	 <u>\$ 13,399,449</u>	 <u>\$ 13,075,134</u>	 <u>\$ 324,315</u>	 2%

Total General Fund Revenues increased by \$324,315 or 2% over the previous year.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

General Fund (Continued)

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

State/federal revenues increased \$219,074 or 11% from the previous year largely attributable to an increase in the State of New Jersey's contribution to pension costs and post retirement medical benefits on behalf of the Carlstadt School District.

Interest earning decreased by \$21,750.

Miscellaneous revenues decreased \$88,668.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended June 30, 2020 and 2019.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Instruction	\$ 8,264,952	\$ 7,621,415	\$ 643,537	8%
Support Services	4,381,614	4,182,681	198,933	5%
Capital Outlay	<u>453,867</u>	<u>417,435</u>	<u>36,432</u>	9%
Total Expenditures	<u>\$ 13,100,433</u>	<u>\$ 12,221,531</u>	<u>\$ 878,902</u>	7%

Total General Fund expenditures increased \$878,902 or 7% over the previous year. The increase was attributable to increases in instructional costs and support services expenditures.

In 2019-2020 General Fund revenues exceeded expenses by \$299,016. As a result, total fund balance increased to \$6,715,388 at June 30, 2020. After deducting restrictions and assignments, the unassigned fund balance increased from \$238,201 at June 30, 2019 to \$249,937 at June 30, 2020.

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 \$279,664, for the year ended June 30, 2020. Federal sources accounted for 100% of the Special Revenue Fund's revenue.

Total Special Revenue Fund revenues increased \$16,932 or 6% from the previous year. Federal sources increased \$17,887 while local sources decreased \$955.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

Special Revenue Fund (Continued)

Expenditures of the Special Revenue Fund were \$279,664. Instructional expenditures were \$252,372 (90%) of total expended for the year ended June 30, 2020. The balance of the expenditures \$27,292 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 expenses exceeded the revenues by \$38,442 resulting in net position of \$83,396 at June 30, 2020 a decrease from the balance of \$121,838 at June 30, 2019.

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, 2020 for its governmental activities amounts to \$22,377,441 (net of accumulated depreciation) and \$14,546 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 2019-2020 amounted to \$682,821 for governmental activities and \$5,614 for business-type activities.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2020

CAPITAL ASSETS (Continued)

**Capital Assets as of June 30, 2020 and 2019
(Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 188,036	\$ 188,036		
Construction in Progress	66,455	234,950		
Improvements Other Than Building	130,693	149,099		
Building and Building Improvements	21,760,618	21,741,842		
Machinery and Equipment	<u>231,639</u>	<u>292,468</u>	\$ 14,546	\$ 11,758
Total Capital Assets, Net	<u>\$ 22,377,441</u>	<u>\$ 22,606,395</u>	<u>\$ 14,546</u>	<u>\$ 11,758</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 \$62,695, bonds payable (including unamortized premium) of \$13,408,819 and net pension liability of \$2,187,862.

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 2020/2021 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 2020-2021. Budgeted appropriations in the General Fund increased 11 percent to \$13,949,265 in fiscal year 2020-2021 primarily as the result of budgeted capital outlay projects.

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, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,760,284	\$ 17,113	\$ 5,777,397
Receivables, net	1,140,176	2,912	1,143,088
Internal Balances	(48,089)	48,089	-
Inventory		7,515	7,515
Capital Assets, Not Being Depreciated	254,491		254,491
Capital Assets, Being Depreciated, Net	<u>22,122,950</u>	<u>14,546</u>	<u>22,137,496</u>
Total Assets	<u>29,229,812</u>	<u>90,175</u>	<u>29,319,987</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	385,315		385,315
Deferred Amounts on Net Pension Liability	<u>257,931</u>	<u>-</u>	<u>257,931</u>
Total Deferred Outflows of Resources	<u>643,246</u>	<u>-</u>	<u>643,246</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	112,286	6,779	119,065
Accrued Interest Payable	92,214		92,214
Unearned Revenue	24,696		24,696
Noncurrent Liabilities			
Due Within One Year	995,000		995,000
Due Beyond One Year	<u>14,664,376</u>	<u>-</u>	<u>14,664,376</u>
Total Liabilities	<u>15,888,572</u>	<u>6,779</u>	<u>15,895,351</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,022,275</u>	<u>-</u>	<u>1,022,275</u>
Total Deferred Inflows of Resources	<u>1,022,275</u>	<u>-</u>	<u>1,022,275</u>
NET POSITION			
Net Investment in Capital Assets	9,353,937	14,546	9,368,483
Restricted for			
Debt Service	1		1
Capital Projects	2,852,100		2,852,100
Other Purpose - Maintenance	635,475		635,475
Unrestricted	<u>120,698</u>	<u>68,850</u>	<u>189,548</u>
Total Net Position	<u>\$ 12,962,211</u>	<u>\$ 83,396</u>	<u>\$ 13,045,607</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, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,235,987	\$ 51,405	\$ 1,716,567		\$ (4,468,015)		\$ (4,468,015)
Special Education	2,353,713		824,468		(1,529,245)		(1,529,245)
Other Instruction	490,251		207,641		(282,610)		(282,610)
School Sponsored Activities and Athletics	43,357		12,415		(30,942)		(30,942)
Support Services							
Student and Instruction Related Services	1,439,813		34,922		(1,404,891)		(1,404,891)
General Administrative Services	529,735		2,211		(527,524)		(527,524)
School Administrative Services	437,547		87,117		(350,430)		(350,430)
Plant Operations and Maintenance	1,858,579	49,555	60,796		(1,748,228)		(1,748,228)
Pupil Transportation	212,095		46,883		(165,212)		(165,212)
Business Services/Central Svces/Admin. Info.	492,315		3,918		(488,397)		(488,397)
Interest on Long Term Debt	502,130	-	-	-	(502,130)	-	(502,130)
Total Governmental Activities	14,595,522	100,960	2,996,938	-	(11,497,624)	-	(11,497,624)
Business-Type Activities							
Food Service	232,469	114,870	78,627	-	-	\$ (38,972)	(38,972)
Total Business-Type Activities	232,469	114,870	78,627	-	-	(38,972)	(38,972)
Total Primary Government	\$ 14,827,991	\$ 215,830	\$ 3,075,565	\$ -	(11,497,624)	(38,972)	(11,536,596)
General Revenues							
Taxes:							
Property Taxes, levied for general purposes, net					11,008,426		11,008,426
Property Taxes, levied for debt service purposes, net					1,550,788		1,550,788
Investment Earnings					120,359	530	120,889
Miscellaneous Income					10,313	-	10,313
Total General Revenues					12,689,886	530	12,690,416
Change in Net Position					1,192,262	(38,442)	1,153,820
Net Position, Beginning of Year					11,769,949	121,838	11,891,787
Net Position, End of Year					\$ 12,962,211	\$ 83,396	\$ 13,045,607

FUND FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 5,760,283		\$ 1	\$ 5,760,284
Due from Other Funds	45,197			45,197
Receivables from Other Governments	<u>1,062,847</u>	<u>\$ 75,447</u>	<u>-</u>	<u>1,138,294</u>
 Total Assets	 <u>\$ 6,868,327</u>	 <u>\$ 75,447</u>	 <u>\$ 1</u>	 <u>\$ 6,943,775</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 104,850	\$ 7,436		\$ 112,286
Due to Other Funds	48,089	43,315		91,404
Unearned Revenue	<u>-</u>	<u>24,696</u>	<u>-</u>	<u>24,696</u>
 Total Liabilities	 <u>152,939</u>	 <u>75,447</u>	 <u>-</u>	 <u>228,386</u>
Fund Balances				
Restricted Fund Balance				
Excess Surplus	702,355			702,355
Excess Surplus-Designated for Subsequent Year's Expenditures (2020/21 Budget)	1,737,227			1,737,227
Capital Reserve	2,280,744			2,280,744
Capital Reserve-Designated for Subsequent Year's Expenditures (2020/21 Budget)	571,356			571,356
Maintenance Reserve	635,475			635,475
Emergency Reserve	250,000			250,000
Debt Service			\$ 1	1
Assigned Fund Balance				
Year End Encumbrances	174,544			174,544
Designated for Subsequent Year's Expenditures (2020/21 Budget)	113,750			113,750
Unassigned Fund Balance	<u>249,937</u>	<u>-</u>	<u>-</u>	<u>249,937</u>
 Total Fund Balances	 <u>6,715,388</u>	 <u>-</u>	 <u>1</u>	 <u>6,715,389</u>
 Total Liabilities and Fund Balances	 <u>\$ 6,868,327</u>	 <u>\$ 75,447</u>	 <u>\$ 1</u>	 <u>\$ 6,943,775</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, 2020**

Total Fund Balances (Exhibit B-1) \$ 6,715,389

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$30,846,221 and the accumulated depreciation is \$8,468,780. 22,377,441

The district has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (92,214)

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. 385,315

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	\$ 257,931	
Deferred Inflows of Resources	<u>(1,022,275)</u>	(764,344)

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) (15,659,376)

Net Position of Governmental Activities (Exhibit A-1) \$ 12,962,211

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 11,008,426		\$ 1,550,788	\$ 12,559,214
Tuition	51,405			51,405
Rentals	49,555			49,555
Interest	120,359			120,359
Miscellaneous	10,313	-	-	10,313
Total - Local Sources	<u>11,240,058</u>	<u>-</u>	<u>1,550,788</u>	<u>12,790,846</u>
State Sources	2,159,391			2,159,391
Federal Sources	-	\$ 279,664	-	279,664
Total Revenues	<u>13,399,449</u>	<u>279,664</u>	<u>1,550,788</u>	<u>15,229,901</u>
EXPENDITURES				
Current				
Regular Instruction	5,719,713	14,293		5,734,006
Special Education Instruction	2,133,307	148,320		2,281,627
Other Instruction	371,616	89,759		461,375
School-Sponsored Activities and Athletics	40,316			40,316
Support Services				
Student and Instruction Related Services	1,438,548	27,292		1,465,840
General Administrative Services	537,277			537,277
School Administrative Services	418,709			418,709
Plant Operations and Maintenance	1,284,916			1,284,916
Pupil Transportation	212,095			212,095
Business Services/Central Svcs/ Admin. Info. Tech.	490,069			490,069
Debt Service				
Principal			950,000	950,000
Interest			600,787	600,787
Capital Outlay	453,867	-	-	453,867
Total Expenditures	<u>13,100,433</u>	<u>279,664</u>	<u>1,550,787</u>	<u>14,930,884</u>
Excess (Deficiency) of Revenues Over Expenditures	299,016	-	1	299,017
Fund Balance, Beginning of Year	<u>6,416,372</u>	<u>-</u>	<u>-</u>	<u>6,416,372</u>
Fund Balance , End of Year	<u>\$ 6,715,388</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 6,715,389</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, 2020**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 299,017

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	\$	453,867	
Depreciation Expense		<u>(682,821)</u>	(228,954)

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

Net Increase in Compensated Absences		(1,851)	
Net Decrease in Pension Expense		<u>75,394</u>	73,543

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			950,000
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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		150,658	
Amortization of Deferred Amounts on Refunding		<u>(59,919)</u>	90,739

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>7,917</u>
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Change in Net Position of Governmental Activities (Exhibit A-2)			<u><u>\$ 1,192,262</u></u>
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**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

		Business-Type Activities
		<u>Enterprise Fund</u>
		<u>Food Services</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	17,113
Intergovernmental Receivable		
Federal		2,883
State		29
Due from Other Funds		48,089
Inventory		<u>7,515</u>
Total Current Assets		<u>75,629</u>
Capital Assets		
Machinery and Equipment		89,802
Less: Accumulated Depreciation		<u>(75,256)</u>
Total Capital Assets, Net		<u>14,546</u>
Total Assets		<u>90,175</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		<u>6,779</u>
Total Current Liabilities		<u>6,779</u>
NET POSITION		
Investment in Capital Assets		14,546
Unrestricted		<u>68,850</u>
Total Net Position	\$	<u><u>83,396</u></u>

**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Reimbursable Programs- School Lunch Program	\$ 68,955
Non-Reimbursable Programs	35,337
Other Sales - Milk	<u>10,578</u>
 Total Operating Revenues	 <u>114,870</u>
OPERATING EXPENSES	
Salaries	60,773
Salary - Food Service Manager	18,690
Employee Benefits/Payroll Taxes	12,310
Cost of Sales - Reimbursable Programs	75,575
Cost of Sales - Non-Reimbursable Programs	6,881
Insurance	8,486
Supplies	13,570
Repair and Maintenance	12,764
Management Fees	15,592
Depreciation	5,614
Miscellaneous	<u>2,214</u>
 Total Operating Expenses	 <u>232,469</u>
 Operating Loss	 <u>(117,599)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	1,903
Federal Sources	
National School Lunch Program	58,674
Food Distribution Program	12,781
National School Breakfast Program	5,269
Interest Earned	<u>530</u>
 Total Nonoperating Revenues	 <u>79,157</u>
 Change in Net Position	 (38,442)
 Net Position, Beginning of Year	 <u>121,838</u>
 Net Position, End of Year	 <u>\$ 83,396</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, 2020**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 114,870
Cash Payment for Salaries and Benefits	(91,773)
Cash Payments to Suppliers for Goods and Services	<u>(140,413)</u>
Net Cash (Used by) Operating Activities	<u>(117,316)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	22,277
Cash Received from Other Funds	<u>90,322</u>
Net Cash Provided by Noncapital Financing Activities	<u>112,599</u>
Cash Flows from Capital Activities	
Purchases of Capital assets	<u>(8,402)</u>
Net Cash Used for Capital Activities	<u>(8,402)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>530</u>
Net Cash Provided by Investing Activities	<u>530</u>
Net Decrease in Cash and Cash Equivalents	(12,589)
Cash and Cash Equivalents, Beginning of Year	<u>29,702</u>
Cash and Cash Equivalents, End of Year	<u>\$ 17,113</u>
Reconciliation of Operating (Loss) to Net Cash (Used by) Operating Activities	
Operating (Loss)	\$ <u>(117,599)</u>
Adjustments to Reconcile Operating (Loss) to Net Cash (Used by) Operating Activities	
Depreciation	5,614
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	12,781
Change in Assets, Liabilities and Deferred Inflows of Resources (Increase)/Decrease in Inventory	(2,232)
Increase/(Decrease) in Accounts Payable	(14,344)
Increase/(Decrease) in Deferred Commodities Revenue	<u>(1,536)</u>
Total Adjustments	<u>283</u>
Net Cash (Used by) Operating Activities	<u>\$ (117,316)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 11,245

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, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 13,876	\$ 60,739
Total Assets	<u>13,876</u>	<u>\$ 60,739</u>
LIABILITIES		
Intergovernmental Payable - State	12,869	
Due to Other Funds		\$ 1,882
Payroll Deductions and Withholdings		3,192
Due to Student Groups	<u>-</u>	<u>55,665</u>
Total Liabilities	<u>12,869</u>	<u>\$ 60,739</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>1,007</u>	
Total Net Position	<u>\$ 1,007</u>	

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

		<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees	\$	20,648
District		21,398
Interest		45
		42,091
Total Additions		42,091
DEDUCTIONS		
Unemployment Contributions		41,178
		41,178
Total Deductions		41,178
Change in Net Position		913
Net Position, Beginning of Year		94
		94
Net Position, End of Year	\$	1,007

NOTES TO THE FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Pre-Kindergarten through grade eight (8) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 administrators, teachers and special events.

Additionally, the District 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.

D. Measurement Focus and Basis of Accounting

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

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

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

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

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred 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, 2020**

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 one type which arises only under the accrual basis of accounting that qualifies for reporting in this category. The 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.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations.

7. Pensions

In the district-wide financial statements 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.

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.

CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 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, 2019 audited excess surplus that was appropriated in the 2020/2021 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 3B).

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 2020/2021 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 3C).

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 3D).

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

CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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)

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 2020/2021 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and 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.

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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

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 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$15,659,376 difference are as follows:

Bonds Payable	\$ 12,440,000	
Issuance Premium (to be amortized over life of debt)	<u>968,819</u>	
		\$ 13,408,819
Compensated Absences		62,695
Net Pension Liability		<u>2,187,862</u>
Net Adjustment to Decrease Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities		<u>\$ 15,659,376</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 District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$678,979. The increase was funded by the additional appropriation of capital reserve, grant awards and the reappropriation of prior year general fund encumbrances.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$ 2,852,100
Increased by:		
Transfer of Unexpended Project Balances from Capital Outlay	\$ 434,200	<u>434,200</u>
		3,286,300
Decreased by:		
2019-2020 Budgeted Withdrawal	40,500	
Withdrawals Approved by Board Resolution	<u>393,700</u>	<u>434,200</u>
Balance, June 30, 2020		<u>\$ 2,852,100</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects is \$2,852,100. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$571,356 of the capital reserve balance at June 30, 2020 was designated and appropriated for use 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, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$ 635,475
Increased by:	
Deposits Approved by Board Resolution	<u>20,000</u>
	655,475
Decreased by:	
Withdrawals Approved by Board Resolution	<u>20,000</u>
Balance, June 30, 2020	<u>\$ 635,475</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$635,475.

D. 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.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve (Continued)

The activity of the emergency reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$ 250,000
Balance, June 30, 2020	<u>\$ 250,000</u>

E. Transfers to Capital Outlay

During the 2019/2020 school year, the district transferred \$393,700 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement other capital projects.

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, 2020 is \$2,439,582. Of this amount, \$1,737,227 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$702,355 will be appropriated in the 2021/2022 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC 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, 2020, the book value of the Board's deposits were \$5,852,012 and bank and brokerage firm balances of the Board's deposits amounted to \$5,939,162. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>5,939,162</u>

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2020 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, 2020, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2020 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		\$ 75,447	\$ 2,883	\$ 78,330
State	\$ 16,246	-	29	16,275
Local	<u>1,046,601</u>	<u>-</u>	<u>-</u>	<u>1,046,601</u>
 Total Receivables	 <u>\$ 1,062,847</u>	 <u>\$ 75,447</u>	 <u>\$ 2,912</u>	 <u>\$ 1,141,206</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 24,696
Total Unearned Revenue for Governmental Funds	<u>\$ 24,696</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance, July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Balance, June 30, 2020</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 188,036				\$ 188,036
Construction in Progress	234,950	\$ 66,455	-	\$ (234,950)	66,455
Total Capital Assets, Not Being Depreciated	<u>422,986</u>	<u>66,455</u>	<u>-</u>	<u>(234,950)</u>	<u>254,491</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	28,728,702	387,412		234,950	29,351,064
Land Improvements	371,159				371,159
Machinery and Equipment	881,667	-	\$ (12,160)	-	869,507
Total Capital Assets Being Depreciated	<u>29,981,528</u>	<u>387,412</u>	<u>(12,160)</u>	<u>234,950</u>	<u>30,591,730</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(6,986,860)	(603,586)			(7,590,446)
Land Improvements	(222,060)	(18,406)			(240,466)
Machinery and Equipment	(589,199)	(60,829)	12,160	-	(637,868)
Total Accumulated Depreciation	<u>(7,798,119)</u>	<u>(682,821)</u>	<u>12,160</u>	<u>-</u>	<u>(8,468,780)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,183,409</u>	<u>(295,409)</u>	<u>-</u>	<u>234,950</u>	<u>22,122,950</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,606,395</u>	<u>\$ (228,954)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,377,441</u>

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2019	Increases	Decreases	Balance, June 30, 2020
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 81,400	\$ 8,402	-	\$ 89,802
Total Capital Assets Being Depreciated	<u>81,400</u>	<u>8,402</u>	<u>-</u>	<u>89,802</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(69,642)	\$ (5,614)	-	(75,256)
Total Accumulated Depreciation	<u>(69,642)</u>	<u>(5,614)</u>	<u>-</u>	<u>(75,256)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,758</u>	<u>2,788</u>	<u>-</u>	<u>14,546</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,758</u>	<u>\$ 2,788</u>	<u>\$ -</u>	<u>\$ 14,546</u>

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

Governmental Activities:

Instruction		
Regular		\$ 83,023
Special		<u>1,359</u>
Total Instruction		<u>84,382</u>
Support Services		
Business Services/Central Services		11,281
Plant Operations and Maintenance		<u>587,158</u>
Total Support Services		<u>598,439</u>
Total Governmental Funds		<u>682,821</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 682,821</u>

Business-Type Activities:

Food Service Fund		<u>\$ 5,614</u>
Total Depreciation Expense - Business-Type Activities		<u>\$ 5,614</u>

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 43,315
General Fund	Payroll Agency Fund	1,882
Food Service Fund	General Fund	<u>48,089</u>
Total		<u>\$ 93,286</u>

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

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. 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, 2020 are comprised of the following issues:

\$17,075,000, 2014 Refunding Bonds, due in annual installments of \$995,000 to \$1,490,000 through May 1, 2030, interest at 3.125% to 5.00%	<u>\$12,440,000</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:

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,215,000	338,288	1,553,288
2026-2030	<u>6,925,000</u>	<u>828,614</u>	<u>7,753,614</u>
Total	<u>\$ 12,440,000</u>	<u>\$ 3,070,804</u>	<u>\$ 15,510,804</u>

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 89,749,564
Less: Net Debt	<u>12,440,000</u>
Remaining Borrowing Power	<u>\$ 77,309,564</u>

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance, July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 13,390,000		\$ 950,000	\$ 12,440,000	\$ 995,000
Original Issue Premium	<u>1,119,477</u>	-	<u>150,658</u>	<u>968,819</u>	-
Total Bonds Payable	14,509,477	-	1,100,658	13,408,819	995,000
Compensated Absences	60,844	\$ 1,851		62,695	-
Net Pension Liability	<u>2,562,842</u>	-	<u>374,980</u>	<u>2,187,862</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 17,133,163</u>	<u>\$ 1,851</u>	<u>\$ 1,475,638</u>	<u>\$ 15,659,376</u>	<u>\$ 995,000</u>

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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

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

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "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>
2020	\$ 21,398	\$ 20,648	\$ 41,178	\$ 1,007
2019	22,810	16,506	39,302	94
2018	21,922	16,185	38,107	22

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

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, 2020, 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, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage 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.

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

The following represent the membership tiers for TPAF:

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected 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.

Other Pension Funds

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

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

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

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. 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.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 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 2020.

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, 2020 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 the 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 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 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 unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 118,109	\$ 970,378	\$ 12,839
2019	129,470	819,263	9,808
2018	123,564	645,830	7,089

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$358, \$587 and \$2,014, respectively for PERS and the State contributed \$500, \$300 and \$379, 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 \$336,079 during the fiscal year ended June 30, 2020 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 both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. 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, 2018 through June 30, 2019. 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$2,187,862 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .01214 percent, which was a decrease of .00088 percent from its proportionate share measured as of June 30, 2018 of .01302 percent.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$42,715 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 39,269	\$ 9,665
Changes of Assumptions	218,466	759,400
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		34,536
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>196</u>	<u>218,674</u>
Total	<u>\$ 257,931</u>	<u>\$ 1,022,275</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ (111,948)
2022	(268,556)
2023	(239,661)
2024	(128,612)
2025	(15,567)
Thereafter	<u>-</u>
	<u>\$ (764,344)</u>

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019) 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 rates 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 PERS's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 6.28%, 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 2,763,625</u>	<u>\$ 2,187,862</u>	<u>\$ 1,702,700</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District’s net pension liability at June 30, 2019 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,476,940 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, 2020 the State's proportionate share of the net pension liability attributable to the District is \$25,040,233. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .04080 percent, which was a decrease of .00202 percent from its proportionate share measured as of June 30, 2018 of .04282 percent.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019) 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 TPAF's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 29,527,977</u>	<u>\$ 25,040,233</u>	<u>\$ 21,316,823</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program 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, 2019. 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>364,943</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, 2019 is \$41.7 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, 2018 which were rolled forward to June 30, 2019.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 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 \$1.28 billion to the OPEB plan in fiscal year 2019.

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. over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$359,992, \$371,617 and \$417,129, 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, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$411,314. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$15,888,531. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .03808 percent, which was an increase of .00145 percent from its proportionate share measured as of June 30, 2018 of .03663 percent.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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 2.00% as of June 30, 2019.

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>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

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, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>16,889,080</u>
Changes Recognized for the Fiscal Year:	
Service Cost	608,029
Interest on the Total OPEB Liability	668,067
Differences Between Expected and Actual Experience	(2,040,271)
Changes of Assumptions	236,899
Gross Benefit Payments	(487,731)
Contributions from the Member	14,458
Net Changes	<u>\$ (1,000,549)</u>
Balance, June 30, 2019 Measurement Date	<u>\$ 15,888,531</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 18,770,634</u>	<u>\$ 15,888,531</u>	<u>\$ 13,599,147</u>

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	<u>\$ 13,091,441</u>	<u>\$ 15,888,531</u>	<u>\$ 19,591,303</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 11,008,426		\$ 11,008,426	\$ 11,008,426	
Tuition from Individuals (Preschool)	30,000		30,000	51,405	\$ 21,405
Interest	20		20	120,359	120,339
Rentals	40,000		40,000	49,555	9,555
Unrestricted Miscellaneous	10,000	-	10,000	10,313	313
Total Local Sources	<u>11,088,446</u>	<u>-</u>	<u>11,088,446</u>	<u>11,240,058</u>	<u>151,612</u>
State Sources					
Transportation Aid	45,263		45,263	45,263	
Security Aid	56,138		56,138	56,138	
Special Education Aid	265,555		265,555	265,555	
Extraordinary Aid (2019-2020)				146,288	146,288
On-behalf TPAF Pension System Contributions-Normal Costs & Accrued Liabilities (Non-Budget)				953,291	953,291
On-behalf TPAF Pension System Contributions-NCGI (Non-Budget)				17,087	17,087
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				359,992	359,992
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				500	500
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	336,079	336,079
Total State Sources	<u>366,956</u>	<u>-</u>	<u>366,956</u>	<u>2,180,193</u>	<u>1,813,237</u>
Total Revenues	<u>11,455,402</u>	<u>-</u>	<u>11,455,402</u>	<u>13,420,251</u>	<u>1,964,849</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	137,455	\$ 875	138,330	112,777	25,553
Kindergarten	270,490	(32,935)	237,555	217,042	20,513
Grades 1-5	1,668,599	(81,272)	1,587,327	1,568,376	18,951
Grades 6-8	1,058,710	1,533	1,060,243	1,048,535	11,708
Regular Program - Home Instruction					
Salaries of Teachers	6,000	-	6,000	3,885	2,115
Purchased Professional-Educational Services	3,500	8,500	12,000	5,400	6,600
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	376,714	(51,683)	325,031	325,031	-
Purchased Professional-Educational Services	52,010	1,453	53,463	53,452	11
General Supplies	146,000	145,437	291,437	235,039	56,398
Textbooks	26,000	19,069	45,069	45,069	-
Total Regular Programs	<u>3,745,478</u>	<u>10,977</u>	<u>3,756,455</u>	<u>3,614,606</u>	<u>141,849</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Auditory Disabilities					
Purchased Professional-Educational Services	\$ 23,000	\$ (5,000)	\$ 18,000	-	\$ 18,000
Total Multiple Disabilities	23,000	(5,000)	18,000	-	18,000
Resource Room/ Resource Center					
Salaries of Teachers	308,527	(388)	308,139	\$ 307,218	921
Total Resource Room	308,527	(388)	308,139	307,218	921
Preschool Disabilities - Full Time					
Salaries of Teachers	137,533	-	137,533	137,153	380
Other Salaries for Instruction	70,515	42,615	113,130	111,236	1,894
Total Preschool Disabilities - Full Time	208,048	42,615	250,663	248,389	2,274
Total Special Education	539,575	37,227	576,802	555,607	21,195
Basic Skills/Remedial					
Salaries of Teachers	212,991	(35,062)	177,929	145,569	32,360
Total Basic Skills/Remedial	212,991	(35,062)	177,929	145,569	32,360
Bilingual Education					
Salaries of Teachers	74,463	6,805	81,268	81,268	-
Total Bilingual Education	74,463	6,805	81,268	81,268	-
School Sponsored Co/Extra Curricular Activities					
Salaries	22,000	3,287	25,287	23,890	1,397
Supplies and Materials	8,000	167	8,167	1,178	6,989
Total School Sponsored Co/Extra Curricular Activities	30,000	3,454	33,454	25,068	8,386
Total Instruction	4,602,507	23,401	4,625,908	4,422,118	203,790
Instruction					
Tuition to Other LEAs Within the State-Special	1,170,856	(369,938)	800,918	765,859	35,059
Tuition to CSSD & Regional Day Schools	125,887	284,157	410,044	333,248	76,796
Tuition to Priv. Sch. For the Disabled W/I State	103,302	25,780	129,082	123,977	5,105
Total Undistributed Expenditures - Instruction	1,400,045	(60,001)	1,340,044	1,223,084	116,960

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 50,555	\$ (6,785)	\$ 43,770	\$ 37,074	\$ 6,696
Purchased Professional and Technical Services	12,854	-	12,854	12,695	159
Total Attendance and Social Work Services	<u>63,409</u>	<u>(6,785)</u>	<u>56,624</u>	<u>49,769</u>	<u>6,855</u>
Health Services					
Salaries	93,307	7,581	100,888	100,887	1
Purchased Professional and Technical Services	4,000	-	4,000	4,000	-
Supplies and Materials	1,500	-	1,500	1,108	392
Total Health Services	<u>98,807</u>	<u>7,581</u>	<u>106,388</u>	<u>105,995</u>	<u>393</u>
Speech, OT, PT & Related Services					
Salaries	81,473	36,130	117,603	117,603	-
Purchased Professional-Educational Services	147,978	(15,349)	132,629	61,482	71,147
Supplies and Materials	667	-	667	667	-
Total Speech, OT, PT & Related Services	<u>230,118</u>	<u>20,781</u>	<u>250,899</u>	<u>179,752</u>	<u>71,147</u>
Other Support Serv. Students- Extra Serv.					
Other Objects	1,000	-	1,000	-	1,000
Total Other Support Serv. Students- Extra Serv.	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Guidance					
Salaries of Other Professional Staff	65,594	-	65,594	65,594	-
Purchased Professional-Educational Services	1,000	-	1,000	900	100
Supplies and Materials	2,500	-	2,500	1,803	697
Total Guidance	<u>69,094</u>	<u>-</u>	<u>69,094</u>	<u>68,297</u>	<u>797</u>
Child Study Teams					
Salaries of Other Professional Staff	382,623	-	382,623	380,559	2,064
Purchased Professional-Educational Services	37,507	27,726	65,233	60,459	4,774
Other Purchased Services	500	-	500	46	454
Supplies and Materials	5,500	2,964	8,464	2,875	5,589
Other Objects	1,300	-	1,300	1,295	5
Total Child Study Teams	<u>427,430</u>	<u>30,690</u>	<u>458,120</u>	<u>445,234</u>	<u>12,886</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	111,420	1,113	112,533	112,533	-
Purchased Professional-Educational Services	5,000	17,693	22,693	6,356	16,337
Other Purchased Services	2,000	462	2,462	2,462	-
Other Objects	1,000	569	1,569	1,569	-
Total Improvement of Instructional Services	<u>119,420</u>	<u>19,837</u>	<u>139,257</u>	<u>122,920</u>	<u>16,337</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 133,568	\$ 572	\$ 134,140	\$ 132,732	\$ 1,408
Supplies and Materials	1,000	-	1,000	-	1,000
Total Educational Media Serv./School Library	<u>134,568</u>	<u>572</u>	<u>135,140</u>	<u>132,732</u>	<u>2,408</u>
Instructional Staff Training Services					
Other Purch. Professional and Technical Services	1,500	(1,500)	-	-	-
Other Purchased Services	1,000	(108)	892	-	892
Total Instructional Staff Training Services	<u>2,500</u>	<u>(1,608)</u>	<u>892</u>	<u>-</u>	<u>892</u>
Support Services General Administration					
Salaries	243,800	30,616	274,416	274,416	-
Legal Services	32,000	6,168	38,168	37,612	556
Audit Fees	25,750	7,955	33,705	33,705	-
Architectural/Engineering Services	7,500	5,116	12,616	2,938	9,678
Other Purchased Professional Services	8,500	4,975	13,475	13,475	-
Purchased Technical Services	1,000	1,400	2,400	2,400	-
Communications/Telephone	29,000	(3,039)	25,961	23,763	2,198
BOE Other Purchased Services	5,500	(1,758)	3,742	3,642	100
Misc Purchased Services	7,125	(7,125)	-	-	-
General Supplies	1,400	3,337	4,737	4,736	1
Miscellaneous Expenditures	2,800	-	2,800	2,472	328
BOE Membership Dues and Fees	6,000	(794)	5,206	5,184	22
Total Support Services General Administration	<u>370,375</u>	<u>46,851</u>	<u>417,226</u>	<u>404,343</u>	<u>12,883</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	165,780	540	166,320	166,320	-
Salaries of Secretarial and Clerical Assistants	70,974	13,982	84,956	84,955	1
Other Purchased Services	2,500	500	3,000	3,000	-
Supplies and Materials	3,500	3,526	7,026	6,885	141
Other Objects	3,450	18,340	21,790	21,445	345
Total Support Services School Administration	<u>246,204</u>	<u>36,888</u>	<u>283,092</u>	<u>282,605</u>	<u>487</u>
Central Services					
Salaries	241,318	10,192	251,510	251,510	-
Miscellaneous Purchased Services	2,500	295	2,795	2,695	100
Supplies and Materials	1,500	(218)	1,282	1,266	16
Miscellaneous Expenditures	2,000	(481)	1,519	1,400	119
Total Central Services	<u>247,318</u>	<u>9,788</u>	<u>257,106</u>	<u>256,871</u>	<u>235</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 77,763	\$ (529)	\$ 77,234	\$ 77,234	-
Purchased Professional Services	35,798	-	35,798	35,798	-
Purchased Technical Services	2,000	(165)	1,835	1,821	\$ 14
Other Purchased Services	1,000	289	1,289	1,289	-
Other Objects	880	280	1,160	1,160	-
	<u>117,441</u>	<u>(125)</u>	<u>117,316</u>	<u>117,302</u>	<u>14</u>
Total Admin. Info. Technology					
Required Maintenance for School Facilities					
Salaries	87,500	(10,858)	76,642	67,125	9,517
Cleaning, Repair and Maint. Serv.	45,000	17,329	62,329	61,552	777
Miscellaneous Purchased Services	1,000	(806)	194	194	-
General Supplies	20,000	32,745	52,745	52,439	306
Property	-	18,537	18,537	-	18,537
	<u>153,500</u>	<u>56,947</u>	<u>210,447</u>	<u>181,310</u>	<u>29,137</u>
Total Required Maintenance for School Fac.					
Custodial Services					
Salaries	326,041	33,617	359,658	359,489	169
Salaries of Non-Instructional Aides	62,525	850	63,375	59,618	3,757
Purchased Professional and Technical Services	15,000	926	15,926	9,984	5,942
Cleaning, Repair and Maint. Serv.	45,000	46,318	91,318	86,390	4,928
Other Purchased Property Services	40,000	-	40,000	37,361	2,639
Insurance	113,052	3,333	116,385	116,385	-
Miscellaneous Purchased Services	3,700	680	4,380	4,380	-
General Supplies	25,000	2,768	27,768	20,957	6,811
Energy (Natural Gas)	38,000	(4,750)	33,250	25,963	7,287
Energy (Electricity)	210,700	25,300	236,000	230,915	5,085
Other Objects	2,800	3,223	6,023	5,862	161
	<u>881,818</u>	<u>112,265</u>	<u>994,083</u>	<u>957,304</u>	<u>36,779</u>
Total Custodial Services					
Security					
Cleaning, Repair, and Maintenance Services	2,500	18,578	21,078	10,360	10,718
General Supplies	10,000	(9,008)	992	744	248
	<u>12,500</u>	<u>9,570</u>	<u>22,070</u>	<u>11,104</u>	<u>10,966</u>
Total Security					
Student Transportation Services					
Salaries For Pupil Trans (Bet Home & Sch)-Sp Ed		382	382		382
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	228,520	-	228,520	212,095	16,425
	<u>228,520</u>	<u>382</u>	<u>228,902</u>	<u>212,095</u>	<u>16,807</u>
Total Student Transportation Services					

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Group Insurance	\$ 4,000	\$ 14,772	\$ 18,772	\$ 7,157	\$ 11,615
Social Security Contributions	127,491	1,075	128,566	128,566	-
Board Share Retirement - DCRP	8,000	5,200	13,200	12,839	361
Other Retirement Contributions-PERS	146,964	(1,250)	145,714	118,467	27,247
Unemployment Compensation	24,300	-	24,300	23,223	1,077
Workmen's Compensation	42,000	-	42,000	40,925	1,075
Health Benefits	2,007,868	(145,820)	1,862,048	1,346,108	515,940
Tuition Reimbursement	32,000	11,056	43,056	41,556	1,500
Other Employee Benefits	70,000	46,871	116,871	73,543	43,328
Total Unallocated Benefits - Employee Benefits	<u>2,462,623</u>	<u>(68,096)</u>	<u>2,394,527</u>	<u>1,792,384</u>	<u>602,143</u>
On-behalf TPAF Pension System Contributions- Normal Costs & Accrued Liability (Non-Budget)				953,291	(953,291)
On-behalf TPAF Pension System Contributions-NCGI Cost (Non-Budget)				17,087	(17,087)
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				359,992	(359,992)
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				500	(500)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	336,079	(336,079)
Total Undistributed Expenditures	<u>7,266,690</u>	<u>215,537</u>	<u>7,482,227</u>	<u>8,210,050</u>	<u>(727,823)</u>
Interest Earned on Maintenance Reserve	10	-	10	-	10
Total Expenditures - Current Expenditures	<u>11,869,207</u>	<u>238,938</u>	<u>12,108,145</u>	<u>12,632,168</u>	<u>(524,023)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures-Instruction	10,000	-	10,000	-	10,000
Total Equipment	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Facilities Acquisition and Construction Services					
Legal Services	10,000	-	10,000	2,002	7,998
Architectural/Engineering Services		92,800	92,800	82,755	10,045
Construction Services	40,500	300,900	341,400	332,892	8,508
Construction Services - Capital Reserve Assessment for Debt Service on SDA Funding	36,191	-	36,191	36,191	-
Total Facilities Acquisition and Construction Services	<u>86,691</u>	<u>393,700</u>	<u>480,391</u>	<u>453,840</u>	<u>26,551</u>
Interest Earned on Capital Reserve	10	-	10	-	10
Total Capital Outlay	<u>96,701</u>	<u>393,700</u>	<u>490,401</u>	<u>453,840</u>	<u>36,561</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
TRANSFER OF FUNDS TO CHARTER SCHOOL	\$ 14,425	-	\$ 14,425	\$ 14,425	-
Total Expenditures	11,980,333	\$ 632,638	12,612,971	13,100,433	\$ (487,462)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(524,931)	(632,638)	(1,157,569)	319,818	1,477,387
Fund Balance, Beginning of Year	6,541,921	-	6,541,921	6,541,921	-
Fund Balance, End of Year	\$ 6,016,990	\$ (632,638)	\$ 5,384,352	\$ 6,861,739	\$ 1,477,387

Recapitulation of Fund Balance

Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's Expenditures (2020/21 Budget)				\$ 1,737,227	
Excess Surplus				702,355	
Capital Reserve - Designated for Subsequent Year's Expenditures (2020/21 Budget)				571,356	
Capital Reserve				2,280,744	
Maintenance Reserve				635,475	
Emergency Reserve				250,000	
Assigned Fund Balance					
Year-End Encumbrances				174,544	
Designated for Subsequent Year's Expenditures (2020/21 Budget)				113,750	
Unassigned Fund Balance				<u>396,288</u>	
Reconciliation to Governmental Funds Statements (GAAP):				6,861,739	
Less: Final State Aid Payments Not Recognized on GAAP Basis					
2019/2020 Extraordinary Aid not Recognized in a GAAP Basis			\$ (146,288)		
2019/2020 State Aid Payments not Recognized in a GAAP Basis			<u>(63)</u>		
				<u>(146,351)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 6,715,388</u>	

**CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 233,323	\$ 46,341	\$ 279,664	\$ 279,664	\$ -
Total Revenues	<u>233,323</u>	<u>46,341</u>	<u>279,664</u>	<u>279,664</u>	<u>-</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	81,406	(14,918)	66,488	66,488	-
Tuition	122,071	37,683	159,754	159,754	-
General Supplies	-	2,859	2,859	2,859	-
Total Instruction	<u>203,477</u>	<u>25,624</u>	<u>229,101</u>	<u>229,101</u>	<u>-</u>
Support Services					
Personal Services-Employee Benefits		23,271	23,271	23,271	-
Purchased Professional and Technical Services		7,848	7,848	7,848	-
Purchased Professional-Educational Services	29,846	(10,402)	19,444	19,444	-
Total Support Services	<u>29,846</u>	<u>20,717</u>	<u>50,563</u>	<u>50,563</u>	<u>-</u>
Total Expenditures	<u>233,323</u>	<u>46,341</u>	<u>279,664</u>	<u>279,664</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 13,420,251	(C-2) \$	279,664
Difference - Budget to GAAP:			
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2018/2019) State Aid and Extraordinary Aid)	125,549		
State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2019/2020) State Aid and Extraordinary Aid)	<u>(146,351)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>13,399,449</u>	(B-2) \$	<u>279,664</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>13,100,433</u>	(C-2) \$	<u>279,664</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>13,100,433</u>	(B-2) \$	<u>279,664</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 Seven Fiscal Years*

	<u>2020</u>	<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)	0.01214%	0.01302%	0.01334%	0.01335%	0.01353%	0.01353%	0.01356%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,187,862</u>	<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	\$ 836,036	\$ 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	261.69%	297.94%	338.32%	444.48%	338.83%	300.73%	276.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	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 Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 118,109	\$ 129,470	\$ 123,564	\$ 118,592	\$ 116,354	\$ 111,504	\$ 102,187
Contributions in Relation to the Contractually Required Contribution	<u>118,109</u>	<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>	<u>\$ -</u>
District's Covered Payroll	\$ 921,800	\$ 836,036	\$ 860,195	\$ 917,750	\$ 889,505	\$ 896,630	\$ 842,069
Contributions as a Percentage of Covered Payroll	12.81%	15.49%	14.36%	12.92%	13.08%	12.44%	12.14%

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 Seven Fiscal Years*

	<u>2020</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0	0	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 25,040,233</u>	<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>
Total	<u>\$ 25,040,233</u>	<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	<u>\$ 4,473,549</u>	<u>\$ 4,422,799</u>	<u>\$ 4,334,462</u>	<u>\$ 4,294,039</u>	<u>\$ 4,450,321</u>	<u>\$ 4,295,933</u>	<u>\$ 4,380,974</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	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, 2020**

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 5D.

**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 Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 608,029	\$ 695,489	\$ 836,498
Interest on Total OPEB Liability	668,067	725,243	627,435
Differences Between Expected and Actual Experience	(2,040,271)	(1,936,314)	
Changes of Assumptions	236,899	(1,938,106)	(2,613,061)
Gross Benefit Payments	(487,731)	(451,608)	(439,847)
Contribution from the Member	14,458	15,608	16,196
Net Change in Total OPEB Liability	<u>(1,000,549)</u>	<u>(2,889,688)</u>	<u>(1,572,779)</u>
Total OPEB Liability - Beginning	<u>16,889,080</u>	<u>19,778,768</u>	<u>21,351,547</u>
Total OPEB Liability - Ending	<u>\$ 15,888,531</u>	<u>\$ 16,889,080</u>	<u>\$ 19,778,768</u>
District's Proportionate Share of OPEB Liability	\$0	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>15,888,531</u>	<u>16,889,080</u>	<u>19,778,768</u>
Total OPEB Liability - Ending	<u>\$ 15,888,531</u>	<u>\$ 16,889,080</u>	<u>\$ 19,778,768</u>
District's Covered-Employee Payroll	<u>\$ 5,309,585</u>	<u>\$ 5,282,994</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%	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, 2020**

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, 2020**

	<u>NCLB Title I</u>	<u>NCLB Title II-A</u>	<u>NCLB Title III-Imm.</u>	<u>NCLB Title IV</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Total</u>
REVENUES							
Intergovernmental Federal	\$ 97,607	\$ 17,032	\$ 2,412	\$ 14,293	\$ 141,616	\$ 6,704	\$ 279,664
Total Revenues	<u>\$ 97,607</u>	<u>\$ 17,032</u>	<u>\$ 2,412</u>	<u>\$ 14,293</u>	<u>\$ 141,616</u>	<u>\$ 6,704</u>	<u>\$ 279,664</u>
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 66,488						\$ 66,488
Tuition - Other Purchased Services				\$ 11,434	\$ 141,616	\$ 6,704	159,754
General Supplies	-	-	-	2,859	-	-	2,859
Total Instruction	<u>66,488</u>	<u>-</u>	<u>-</u>	<u>14,293</u>	<u>141,616</u>	<u>6,704</u>	<u>229,101</u>
Support Services							
Personnel Services - Employee Benefits	23,271						23,271
Purchased Professional and Technical Services	7,848						7,848
Purchased Professional-Education Services	-	\$ 17,032	\$ 2,412	-	-	-	19,444
Total Support Services	<u>31,119</u>	<u>17,032</u>	<u>2,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,563</u>
Total Expenditures	<u>\$ 97,607</u>	<u>\$ 17,032</u>	<u>\$ 2,412</u>	<u>\$ 14,293</u>	<u>\$ 141,616</u>	<u>\$ 6,704</u>	<u>\$ 279,664</u>

**SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**CARLSTADT BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**CARLSTADT BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

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, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 55,665	\$ 5,074	\$ 60,739
Total Assets	<u>\$ 55,665</u>	<u>\$ 5,074</u>	<u>\$ 60,739</u>
LIABILITIES			
Due to Other Funds		\$ 1,882	\$ 1,882
Payroll Deductions and Withholdings		3,192	3,192
Due to Student Groups	<u>\$ 55,665</u>	<u>-</u>	<u>55,665</u>
Total Liabilities	<u>\$ 55,665</u>	<u>\$ 5,074</u>	<u>\$ 60,739</u>

**CARLSTADT BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2020</u>
ELEMENTARY/MIDDLE SCHOOL				
Carlstadt School Fund	\$ 55,940	\$ 49,113	\$ 49,388	\$ 55,665
Total	<u>\$ 55,940</u>	<u>\$ 49,113</u>	<u>\$ 49,388</u>	<u>\$ 55,665</u>

**CARLSTADT BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance, July 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2020</u>
ASSETS				
Cash	\$ 2,143	\$ 7,156,392	\$ 7,153,461	\$ 5,074
Total Assets	<u>\$ 2,143</u>	<u>\$ 7,156,392</u>	<u>\$ 7,153,461</u>	<u>\$ 5,074</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 1,642	\$ 3,414,591	\$ 3,413,041	\$ 3,192
Accrued Salaries and Wages		3,740,292	3,740,292	
Due to Other Funds	<u>501</u>	<u>1,509</u>	<u>128</u>	<u>1,882</u>
Total Liabilities	<u>\$ 2,143</u>	<u>\$ 7,156,392</u>	<u>\$ 7,153,461</u>	<u>\$ 5,074</u>

LONG-TERM DEBT

**CARLSTADT BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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, 2019</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>	
			<u>Date</u>	<u>Amount</u>					
2014 Refunding Bonds	8/15/2014	\$ 17,075,000	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	\$ 13,390,000	\$ 950,000	\$ 12,440,000	
						Totals	\$ 13,390,000	\$ 950,000	\$ 12,440,000
							Paid by Budget Appropriation	\$ 950,000	

**CARLSTADT BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**CARLSTADT BOARD OF EDUCATION
LONG TERM DEBT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

REVENUES	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
Local Sources					
Property Tax Levy	\$ 1,550,788	-	\$ 1,550,788	\$ 1,550,788	-
 Total Revenues	<u>1,550,788</u>	<u>-</u>	<u>1,550,788</u>	<u>1,550,788</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Principal	950,000	-	950,000	950,000	
Interest	600,788	-	600,788	600,787	\$ 1
 Total Expenditures	<u>1,550,788</u>	<u>-</u>	<u>1,550,788</u>	<u>1,550,787</u>	<u>1</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
 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>\$ 1</u>	<u>\$ 1</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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 9,353,937
Restricted	12,998	242,998	418,012	738,032	1,316,867	2,670,611	3,154,397	4,109,524	3,487,575	3,487,576
Unrestricted	342,738	225,134	406,502	(1,817,336)	(1,849,334)	(1,887,631)	(1,752,832)	(1,765,503)	(259,778)	120,698
Total Governmental Activities Net Position	<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>	<u>\$ 12,962,211</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 57,543	\$ 51,883	\$ 46,223	\$ 40,563	\$ 34,903	\$ 29,243	\$ 23,583	\$ 17,923	\$ 11,758	\$ 14,546
Unrestricted	58,210	86,115	60,525	80,367	86,480	89,970	95,747	100,696	110,080	68,850
Total Business-Type Activities Net Position	<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>	<u>\$ 83,396</u>
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 9,368,483
Restricted	12,998	242,998	418,012	738,032	1,316,867	2,670,611	3,154,397	4,109,524	3,487,575	3,487,576
Unrestricted	400,948	311,249	467,027	(1,736,969)	(1,762,854)	(1,797,661)	(1,657,085)	(1,664,807)	(149,698)	189,548
Total District Net Position	<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>	<u>\$ 13,045,607</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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 6,235,987
Special Education	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	2,353,713
Other Instruction	114,477	312,235	252,509	317,366	313,678	318,631	334,511	396,040	442,855	490,251
School Sponsored Activities and Athletics	24,084	19,583	26,917	32,106	39,603	49,051	59,056	52,280	56,732	43,357
Community Service Programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & Instruction Related Services	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	1,439,813
School Administrative Services	317,607	321,801	329,949	313,240	363,485	384,786	437,089	462,967	426,498	437,547
General Administration	404,109	433,145	438,073	526,629	788,610	472,367	487,572	514,378	509,177	529,735
Plant Operations and Maintenance	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	1,858,579
Pupil Transportation	194,250	181,371	125,624	157,626	201,727	163,966	217,035	185,581	237,959	212,095
Business/Central Svc./Admin. Info.	454,975	409,172	395,054	407,947	406,950	401,993	455,254	472,426	474,682	492,315
Interest on Long-Term Debt	957,124	927,873	896,602	865,379	449,932	601,477	587,731	572,097	543,440	502,130
Total Governmental Activities Expenses	<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>	<u>14,595,522</u>
Business-Type Activities:										
Food service	258,326	285,404	348,993	297,155	291,652	311,145	310,098	290,991	289,818	232,469
Total Business-Type Activities Expense	<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>	<u>232,469</u>
Total District Expenses	<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>	<u>\$ 14,827,991</u>
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 106,667	\$ 39,400	\$ 48,375	\$ 73,600	\$ 80,050	\$ 106,657	\$ 98,738	\$ 114,444	\$ 166,478	\$ 100,960
Operating Grants and Contributions	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	2,996,938
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	<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>	<u>\$ 3,097,898</u>
Business-Type Activities:										
Charges for services										
Food Service	\$ 195,964	\$ 207,542	\$ 202,079	\$ 190,108	\$ 176,503	\$ 183,292	\$ 183,802	\$ 175,349	\$ 177,008	\$ 114,870
Operating Grants and Contributions	79,198	100,089	115,494	121,100	115,453	125,512	126,185	114,352	115,064	78,627
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	<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>	<u>193,497</u>
Total District Program Revenues	<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>	<u>\$ 3,291,395</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (11,497,624)
Business-Type Activities	16,836	22,227	(31,420)	14,053	304	(2,341)	(111)	(1,290)	2,254	(38,972)
Total District-Wide Net Expense	<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>	<u>\$ (11,536,596)</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 11,008,426
Property taxes levied for debt service	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	1,550,788
Unrestricted grants and contributions	248				5,424	6,205	6,117	5,782	392	-
Investment earnings	3,738	3,990	3,484	4,207	6,031	7,613	16,386	71,124	142,109	120,359
Miscellaneous income	15,994	35,001	24,513	46,298	32,968	440,024	23,066	26,259	33,463	10,313
Transfers										
Loss on Disposal of Capital Assets										
Total Governmental Activities	<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>	<u>12,689,886</u>
Business-Type Activities:										
Investment earnings	23	18	170	129	149	171	228	579	965	530
Transfers										
Total Business-Type Activities	<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>	<u>530</u>
Total District-Wide	<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>	<u>\$ 12,690,416</u>
Change in Net Position										
Governmental Activities	\$ 445,637	\$ 329,655	\$ 551,269	\$ 862,521	\$ 969,810	\$ 1,610,804	\$ 1,102,457	\$ 1,676,636	\$ 1,658,356	\$ 1,192,262
Business-Type Activities	16,859	22,245	(31,250)	14,182	453	(2,170)	117	(711)	3,219	(38,442)
Total District	<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>	<u>\$ 1,153,820</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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 104,236	\$ 374,960	\$ 693,267	\$ 1,287,428	\$ 1,997,590	\$ 3,352,211	\$ 3,881,751	\$ 5,199,483	\$ 5,932,272	\$ 6,177,157
Committed						14,721	333,035			
Assigned	99,145	21,054	77,268	170,619	56,926	61,713	89,863	131,669	245,899	288,294
Unassigned	250,000	248,738	242,373	248,794	226,577	236,057	241,613	231,617	238,201	249,937
Total General Fund	<u>\$ 453,381</u>	<u>\$ 644,752</u>	<u>\$ 1,012,908</u>	<u>\$ 1,706,841</u>	<u>\$ 2,281,093</u>	<u>\$ 3,664,702</u>	<u>\$ 4,546,262</u>	<u>\$ 5,562,769</u>	<u>\$ 6,416,372</u>	<u>\$ 6,715,388</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 134,619	\$ 63,685	\$ 9,044	\$ 877	\$ 9,007	\$ 8,130				\$ 1
Committed										
Assigned										
Unassigned										
Total All Other Governmental Funds	<u>\$ 134,619</u>	<u>\$ 63,685</u>	<u>\$ 9,044</u>	<u>\$ 877</u>	<u>\$ 9,007</u>	<u>\$ 8,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

Source: District financial statements

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property Tax levy	\$ 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	\$ 12,559,214
Interest Earnings	3,738	3,990	3,484	4,207	6,031	7,613	16,386	71,124	142,109	120,359
Miscellaneous	55,950	77,467	72,888	122,289	114,018	547,654	137,685	141,622	200,896	111,273
State Sources	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	2,159,391
Federal Sources	272,620	269,282	234,757	260,607	277,638	265,197	270,183	269,079	261,777	279,664
Total Revenues	11,421,726	11,936,949	12,294,183	12,654,231	13,058,465	13,870,530	13,814,329	14,361,311	14,883,654	15,229,901
Expenditures										
Instruction										
Regular Instruction	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	5,734,006
Special Education Instruction	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	2,281,627
Other Instruction	114,477	312,235	252,509	317,366	276,480	268,301	256,964	306,615	395,161	461,375
School Sponsored Activities and Athletics	24,084	19,583	26,917	32,106	34,449	41,082	46,266	42,178	49,890	40,316
Community Service Programs										
Support Services:										
Student & Inst. Related Services	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	1,465,840
General Administrative	395,497	433,145	438,073	512,734	607,616	461,718	455,924	472,365	495,965	537,277
School Administrative Services	326,219	321,801	329,949	313,240	326,442	332,955	348,993	375,618	383,025	418,709
Plant Operations and Maintenance	942,845	979,321	892,633	983,936	974,973	1,240,196	1,016,119	998,687	1,171,887	1,284,916
Pupil Transportation	194,250	181,371	125,624	157,626	201,727	163,126	214,449	182,090	237,636	212,095
Business Svcs./Central Svcs/Admin. Info. Tech.	390,882	409,172	395,054	407,947	406,950	389,905	416,808	423,065	457,071	490,069
Capital outlay	251,713	131,250	125,347	49,639	47,224	18,039	168,983	394,250	417,435	453,867
Debt service:										
Principal	720,658	751,710	787,814	803,913	1,110,000	810,000	835,000	865,000	900,000	950,000
Interest and other charges	961,791	932,739	901,702	871,045	558,323	729,738	705,438	680,388	645,788	600,787
Advanced Refunding Escrow					792,328					
Cost of Issuance on Refunded Bonds	-	-	-	-	163,436	-	-	-	-	-
Total Expenditures	11,319,038	11,816,512	11,980,668	11,968,465	13,436,279	12,487,798	12,940,899	13,344,804	14,030,051	14,930,884
Excess (Deficiency) of Revenues over (under) Expenditures	102,688	120,437	313,515	685,766	(377,814)	1,382,732	873,430	1,016,507	853,603	299,017
Other Financing sources (uses)										
Payments to Refunded Bond Escrow Agent					(18,107,000)					
Refunding Bond Proceeds					17,075,000					
Premium on Issuance of Refunding Bonds					1,992,196					
Capital Leases										
Transfers in	876	198	93	9	25	8	-	-	-	-
Transfers out	(876)	(198)	(93)	(9)	(25)	(8)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	960,196	-	-	-	-	-
Net Change in Fund Balances	\$ 102,688	\$ 120,437	\$ 313,515	\$ 685,766	\$ 582,382	\$ 1,382,732	\$ 873,430	\$ 1,016,507	\$ 853,603	\$ 299,017
Debt service as a percentage of noncapital expenditures										
	15.20%	14.42%	14.25%	14.05%	19.60%	14.09%	13.72%	13.55%	12.81%	12.00%

* 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</u> <u>Ended</u> <u>June 30,</u>	<u>Interest</u> <u>Earned</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Refunds/</u> <u>Reimbursements</u>	<u>Book Fines</u>	<u>Insurance</u> <u>Settlement</u>	<u>Legal</u> <u>Settlement</u>	<u>E-Rate</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2020	120,359	51,405	49,555	392				1,530	8,391	231,632

Source: District financial statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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
2020	27,114,600	610,110,800			405,771,000	1,516,042,500	13,496,500	2,572,535,400	4,391,676	2,576,927,076	2,499,177,637	0.488

Source: County Abstract of Ratables

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^a Tax rates are per \$100

* The Borough underwent a revaluation effective calendar year 2013.

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

Overlapping Rates

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Regional School District</u>	<u>Municipality</u>	<u>Municipal Library</u>	<u>County</u>	<u>Total Direct and Overlapping Tax Rate</u>
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
2020	0.488	0.270	0.746	0.030	0.241	1.775

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	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 331,637,100	12.9%		
AMB Properties	149,400,200	5.8%		
ICON US Industrial	60,884,500	2.4%		
Prologis	58,841,800	2.3%		
Trans Con Pipe Line	54,550,000	2.1%		
Starke Commercial Center	38,133,700	1.5%		
I&G Direct	31,215,000	1.2%		
Plank Pat. Realty	22,817,000	0.9%		
455 Sixteenth St. LLC	20,692,900	0.8%		
Thumann, Inc.	13,339,800	0.5%		
	<u>\$ 781,512,000</u>	<u>30.3%</u>		
Russo			\$ 86,198,850	9.2%
Trans Con Pipe Line			45,047,100	4.8%
Prologis Trust			25,018,000	2.7%
AMB Properties			38,248,800	4.1%
Meadowland Ptns.			11,000,000	1.2%
Barell Assoc.			7,190,000	0.8%
Plank Pat. Realty			8,107,000	0.9%
455 Sixteenth St. LLC			7,750,000	0.8%
A.G. Holdings			5,825,000	0.6%
Individual Taxpayer			2,000,000	0.2%
			<u>\$ 236,384,750</u>	<u>25.32%</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	
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%	
2020	12,559,214	11,512,613	91.67%	1,046,601

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Capital Leases	Capital Leases	Total District		
2011	\$ 21,237,000	\$ 48,437		\$ 21,285,437	6,161	\$ 3,455
2012	20,507,000	26,727		20,533,727	6,173	3,326
2013	19,742,000	3,913		19,745,913	6,187	3,192
2014	18,942,000	-		18,942,000	6,186	3,062
2015	16,800,000	-		16,800,000	6,195	2,712
2016	15,990,000	-		15,990,000	6,175	2,589
2017	15,155,000	-		15,155,000	6,207	2,442
2018	14,290,000	-		14,290,000	6,165	2,318
2019	13,390,000	-		13,390,000	6,132	2,184
2020	12,440,000	-		12,440,000	6,132 E	2,029

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,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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% *	3,191
2014	18,942,000		18,942,000	0.94%	3,062
2015	16,800,000		16,800,000	0.84%	2,712
2016	15,990,000	\$ 8,130	15,981,870	0.81%	2,588
2017	15,155,000		15,155,000	0.67%	2,442
2018	14,290,000		14,290,000	0.62%	2,318
2019	13,390,000		13,390,000	0.55%	2,184
2020	12,440,000		12,440,000	0.48%	2,029

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, 2019
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Carlstadt Board of Education (As of June 30, 2020)	\$ 12,440,000	\$ 12,440,000	
Borough of Carlstadt	<u>20,731,258</u>	<u>1,390,000</u>	\$ <u>19,341,258</u>
	<u>\$ 33,171,258</u>	<u>\$ 13,830,000</u>	<u>19,341,258</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			18,669,085
Bergen County Utilities Authority - Water Pollution (B)			<u>1,447,146</u>
			<u>20,116,231</u>
 Total Direct and Overlapping Debt			 <u>\$ 39,457,489</u>

Source:

(1) Borough of Carlstadt's 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt by dividing the municipality's 2019 equalized value by the total 2019 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 2020

	Equalized valuation basis	
	2019	\$ 2,378,414,544
	2018	3,301,482,778
	2017	3,295,059,091
	[A]	<u>\$ 8,974,956,413</u>
Average equalized valuation of taxable property	[A/3]	\$ 2,991,652,138
Debt limit (3 % of average equalization value)	[B]	89,749,564 a
Total Net Debt Applicable to Limit	[C]	<u>12,440,000</u>
Legal debt margin	[B-C]	<u>\$ 77,309,564</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 89,749,564
Total net debt applicable to limit	<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>	<u>12,440,000</u>
Legal debt margin	<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>	<u>\$ 77,309,564</u>
Total net debt applicable to the limit as a percentage of debt limit	27.87%	28.54%	30.60%	31.38%	28.31%	26.03%	23.18%	18.37%	15.07%	13.86%

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>
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	85,951	4.50%
2019	6,132	N/A	3.80%
2020	6,132 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>2020</u>		<u>2011</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)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	47	49	50	50	50	50	50	50	40	40
Special Education										
Other Special Education	6	11	8	8	8	10	10	10	10	10
Vocational										
Other Instruction				3	1	1	1		11	11
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	6	8	9	9	9	8	8	8	8	9
General administration	3	2	2	2	2	2	2	2	2	2
School administrative services	3	3	3	3	6	6	5	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	1
Plant operations and maintenance	5	7	8	7	5	5	3	3	6	5
Pupil transportation										
Other support services										
Special Schools										
Food Service										
Child Care										
Total	<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>	<u>85</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
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	7.15%	40	1:14	549	522	1.48%	95.08%
2020	538	12,962,448	24,094	17.88%	40	1:13	539	521	-1.82%	96.66%

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>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>	<u>2020</u>
Carlstadt Public School										
Square Feet	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000
Capacity (students)										
Enrollment	595	584	603	592	574	559	538	558	551	538

Number of Schools at June 30, 2020
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>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>	<u>2020</u>
School Facilities										
Carlstadt School Public School	<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>	<u>\$ 181,310</u>
Grand Total	<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>	<u>\$ 181,310</u>

Source: District Records

Source: School District's financial statements

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2020
(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 SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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, 2020 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 January 29, 2021.

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 January 29, 2021.

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
January 29, 2021



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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CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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, 2020. 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 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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 29, 2021, 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch Vinci + Higgins LLP

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

Andrew D. Parente

Andrew D. Parente
Public School Accountant
PSA Number CS002246

Fair Lawn, New Jersey
January 29, 2021

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, July 1, 2019				Balance, June 30, 2020				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
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund																
National School Lunch Program	10.555															
Non-Cash Assistance (Food Distribution)		201NJ304N1099	N/A	7/1/19-6/30/20	\$ 11,245						\$ 11,245	\$ 11,245	\$ -			
Non-Cash Assistance (Food Distribution)		191NJ304N1099	N/A	7/1/18-6/30/19	21,270	\$ 1,536						1,536				
Cash Assistance		201NJ304N1099	N/A	7/1/19-6/30/20	56,114						54,324	56,114	\$ (1,790)		\$ (1,790)	
Cash Assistance		191NJ304N1099	N/A	7/1/18-6/30/19	81,459		\$ (6,455)				6,455					
Health Hunger-Free Kids Act of 2011	10.555															
Cash Assistance		201NJ304N1099	N/A	7/1/19-6/30/20	2,560						2,523	2,560		(37)		(37)
Cash Assistance		191NJ304N1099	N/A	7/1/18-6/30/19	3,429		(266)				266					
National School Breakfast Program	10.553															
Cash Assistance		201NJ304N1099	N/A	7/1/19-6/30/20	5,269						4,213	5,269		(1,056)		(1,056)
Cash Assistance		191NJ304N1099	N/A	7/1/18-6/30/19	6,584		(481)				481					
Total U.S. Department of Agriculture/Child Nutrition Cluster						1,536	(7,202)	-	-	-	79,507	76,724	-	(2,883)	-	(2,883)
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund																
ESEA Title III - Immigrant	84.365	S365A190030	ESEA074020	7/1/19-9/30/20	2,067				\$ 345	\$ (345)	387	2,412		(2,025)		(2,025)
ESEA Title III - Immigrant	84.365	S365A180030	ESEA074019	7/1/18-6/30/19	1,545	345	(345)		(345)	345						
ESEA Title III - Part A	84.365	S365A180030	ESEA074019	7/1/18-6/30/19	-	116	(116)									
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)												2,412				
IDEA Part B	84.027	H027A190100	IDEA074020	7/1/19-9/30/20	141,616						141,616	141,616				
IDEA Preschool	84.173	H173A190114	IDEA074020	7/1/19-9/30/20	6,704						6,704	6,704				
Total Special Education Cluster (IDEA)												148,320				
Cares Act	84.425D	S425D200027	CARES074020	3/13/20-9/30/22	72,163									\$ 72,163	(72,163)	
ESEA Title I	84.010	S010A190030	ESEA074020	7/1/19-9/30/20	89,759				7,848	(7,848)	33,244	97,607		(64,363)		(64,363)
ESEA Title I	84.010	S010A180030	ESEA074019	7/1/18-6/30/19	95,772	7,848	(29,479)		(7,848)	7,848	21,631	7,848				
ESEA Title II- A	84.367A	S367A190029	ESEA074020	7/1/19-9/30/20	13,080				3,952	(3,952)	13,577	17,032		(3,455)		(3,455)
ESEA Title II- A	84.367A	S367A180029	ESEA074019	7/1/18-6/30/19	14,952	3,952	(5,252)		(3,952)	3,952	1,300					
ESEA Title IV	84.424	S424A190031	ESEA074020	7/1/19-9/30/20	10,000				4,293	(4,293)	9,395	14,293		(4,898)		(4,898)
ESEA Title IV	84.424	S424A180031	ESEA074019	7/1/18-6/30/19	10,000	4,293	(10,114)		(4,293)	4,293	5,821					
Total U.S. Department of Education					16,554	(46,012)	-	-	-	-	233,675	279,664	72,163	(147,610)	-	(75,447)
Total Federal Awards					\$ 18,090	\$ (53,214)	\$ -	\$ -	\$ -	\$ -	\$ 313,182	\$ 356,388	\$ 72,163	\$ (150,493)	\$ -	\$ (78,330)

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, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2020			MEMO	
								Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education												
<u>General Fund</u>												
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	\$ 56,138			\$ 56,128	\$ 56,138		\$ (10)			\$ 56,138
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	56,138	\$ (2,019)		2,019						-
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	265,555			265,510	265,555		(45)			265,555
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	226,694	(8,152)		8,152	-					-
Total State Aid Public Cluster							<u>321,693</u>					
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	45,263			45,255	45,263		(8)			45,263
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	45,263	(1,628)		1,628						-
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	146,288				146,288		(146,288)			146,288
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	113,750	(113,750)		113,750						-
Lead Testing for Schools Aid	20-495-034-5120-104	7/1/19-6/30/20										-
On-Behalf TPAF Pension System Contributions NCGI	20-495-034-5094-004	7/1/19-6/30/20	17,087			17,087	17,087					17,087
On-Behalf TPAF Pension System Contributions Normal Costs and Accrued Liability	20-495-034-5094-002	7/1/19-6/30/20	953,291			953,291	953,291					953,291
On-Behalf TPAF Contributions (Post Retirement Medical)	20-495-034-5094-001	7/1/19-6/30/20	359,992			359,992	359,992					359,992
On-Behalf TPAF Contributions (Long-Term Disability Insurance Premium)	20-495-034-5094-004	7/1/19-6/30/20	500			500	500					500
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	336,079			319,833	336,079		(16,246)		\$ (16,246)	336,079
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	322,326	(15,997)	-	15,997	-	-	-	-	-	-
Total General Fund				(141,546)	-	2,159,142	2,180,193	-	(162,597)	-	(16,246)	2,180,193
State Department of Agriculture												
<u>Enterprise Fund</u>												
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	1,903			1,874	1,903		(29)			1,903
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	2,967	(230)		230						-
Total Enterprise Fund				(230)	-	2,104	1,903	-	(29)	-	-	1,903
Total State Financial Assistance Subject to Single Audit Determination				(141,776)	-	2,161,246	2,182,096	-	(162,626)	-	(16,246)	2,182,096
State Financial Assistance Not Subject to Major Program Determination												
<u>General Fund</u>												
On-Behalf TPAF Pension System Contributions-NCGI	20-495-034-5094-004	7/1/19-6/30/20	17,087			(17,087)	(17,087)					(17,087)
On-Behalf TPAF Normal Costs	20-495-034-5094-002	7/1/19-6/30/20	953,291			(953,291)	(953,291)					(953,291)
On-Behalf TPAF Post-Retirement Medical Contributions	20-495-034-5094-001	7/1/19-6/30/20	359,992			(359,992)	(359,992)					(359,992)
On-Behalf TPAF Long-Term Disability Ins. Contributions	20-495-034-5094-004	7/1/19-6/30/20	500			(500)	(500)					(500)
Total State Financial Assistance Subject to Major Program Determination				\$ (141,776)	\$ -	\$ 830,376	\$ 851,226	\$ -	\$ (162,626)	\$ -	\$ (16,246)	\$ 851,226

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, 2020**

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 \$20,802 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,159,391	\$ 2,159,391
Special Revenue Fund	\$ 279,664		279,664
Food Service Fund	<u>76,724</u>	<u>1,903</u>	<u>78,627</u>
Total Financial Assistance	<u>\$ 356,388</u>	<u>\$ 2,161,294</u>	<u>\$ 2,517,682</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$336,079 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$970,378, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$359,992 and TPAF Long-Term Disability Insurance in the amount of \$500 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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, 2020**

Part I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards Section

Not Applicable

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

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, 2020**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**CARLSTADT BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.