

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Carlstadt-East Rutherford Regional Board of Education**

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

**For The Fiscal Year Ended June 30, 2020**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

# CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

120 PATERSON AVENUE  
EAST RUTHERFORD, N.J. 07073



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

NICHOLAS ANNITTI  
BUSINESS ADMINISTRATOR/  
BOARD SECRETARY

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

December 29, 2020

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

Dear Board Members:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Carlstadt-East Rutherford Regional High School District (District) for the fiscal year ended June 30, 2020. This CAFR includes the District's Basic Financial Statements prepared in accordance with the requirements of the Governmental Accounting Standards Board. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Carlstadt-East Rutherford Regional High School District with comprehensive financial data in a format enabling them to gain an understanding of the District's financial affairs.

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

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

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

**School District Organization**

The District provides education to 525 students in grades nine through twelve. An elected nine-member Board of Education (the “Board”) serves as the policy maker for the District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of District tax money.

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

**Reporting Entity**

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

**Economic Conditions and Outlook**

The District completed the 2019-2020 fiscal year with an average daily enrollment of 495 students. The following details the changes in the student average daily enrollment of the District over the last ten years:

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u><br><u>Student Enrollment</u> | <u>Percent</u><br><u>Change</u> |
|--------------------|--|---------------------------------|
| 2019-20            | 495.0  | 1.02%                           |
| 2018-19            | 490.0  | 2.94%                           |
| 2017-18            | 476.0  | 1.06%                           |
| 2016-17            | 471.0  | 2.95%                           |
| 2015-16            | 457.5  | -5.57%                          |
| 2014-15            | 484.5  | -1.62%                          |
| 2013-14            | 492.5  | 0.00%                           |
| 2012-13            | 492.6  | 1.61%                           |
| 2011-12            | 484.8  | 0.00%                           |
| 2010-11            | 485.0  | -1.74%                          |

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

The District’s primary funding source is property tax revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. The proposed budget for fiscal year 2020-2021 provides the necessary funding to continue the excellent educational programs available to all District students. Starting with the 2013-2014 school year, there is no vote on budgets within the 2% “CAPS”. There is a 2% increase in the tax levy for fiscal year 2020-2021. The District’s administration is closely monitoring the cost of

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

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

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

### **Educational Program**

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

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

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

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

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

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

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

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

### **Major Initiatives**

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

### **Financial Information**

**Internal Accounting and Budgetary Control:** Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of controls should not exceed the benefits likely to be derived; and
2. The valuation of costs and benefits requires estimates and judgments by management.

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

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

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Annual appropriated budgets are adopted for the general fund and special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2020.

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

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

**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08. The auditor’s report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

**Acknowledgements**

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

Respectfully submitted,



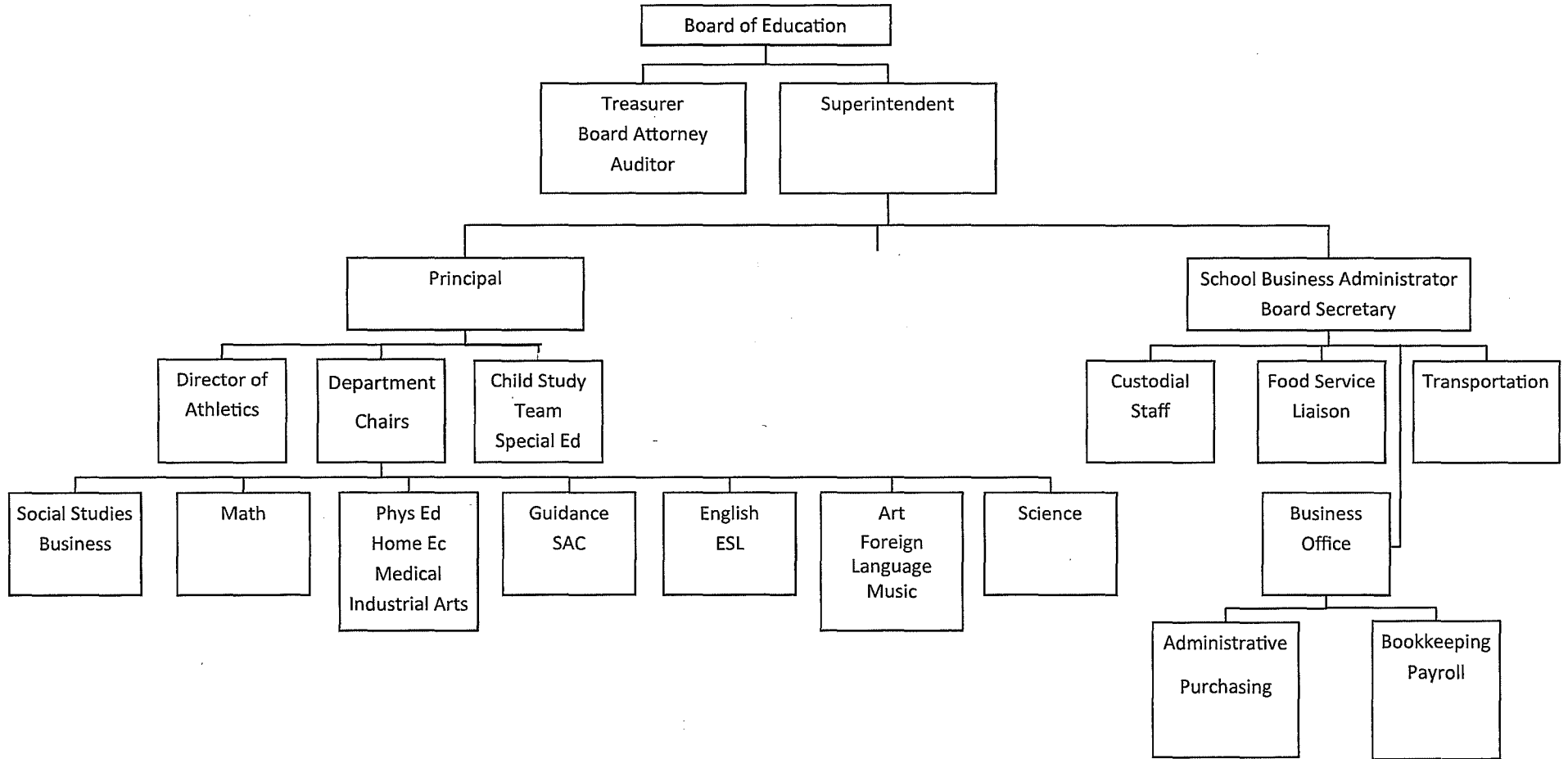
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Nicholas Annitti  
Board Secretary/Business Administrator



# CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

## ORGANIZATION CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2020**

| <b><u>Members of the Board of Education</u></b> | <b><u>Term Expires<br/>December 31,</u></b> |
|---|---|
| Bruce Young, President                          | 2020  |
| Kathryn Fukushima, Vice President               | 2021  |
| Robert Anderson                                 | 2022  |
| Dennis Monks                                    | 2022  |
| Rebecca Cruz                                    | 2020  |
| David DeLizio                                   | 2021  |
| Jeffery A. Grabowski                            | 2022  |
| Zakaria Kandiel                                 | 2020  |
| Raymond Muszynski                               | 2021  |

**Other Officials**

|                     |   |
|---------------------|---|
| Dario Sforza, Ed.D. | Superintendent of Schools/Principal           |
| Nicholas Annitti    | Board Secretary/School Business Administrator |
| Domenick Giancaspro | Treasurer of School Monies                    |

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

## **CONSULTANTS AND ADVISORS**

### **ARCHITECT**

DiCara Rubino  
30 Galesi Drive  
Wayne, NJ 07470

### **ATTORNEY**

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

### **AUDIT FIRM**

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

### **OFFICIAL DEPOSITORY**

TD Bank  
71 Union Avenue  
East Rutherford, NJ 07073

## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt-East Rutherford Regional Board of Education, as of and for the fiscal year ended June 30, 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-East Rutherford Regional 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-East Rutherford Regional Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carlstadt-East Rutherford Regional Board of Education.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2020 on our consideration of the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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-East Rutherford Regional Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting and compliance.

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 29, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

This section of Carlstadt-East Rutherford Regional Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements and notes to the financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year include the following:

- The assets and deferred outflows of resources of the Carlstadt-East Rutherford Regional Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$27,794,193. (Net Position)
- The District's total net position decreased by \$123,792.
- Overall District revenues were \$16,990,232. General revenues accounted for \$13,432,807 or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,557,425 or 21% of total revenues.
- The school district had \$16,628,273 in expenses for governmental activities; only \$3,086,337 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$13,432,807 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,211,611. Of this amount, \$272,099 (6%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2020 was \$4,211,611 an increase of \$586,405 compared to the ending fund balance at June 30, 2019 of \$3,625,206.
- The General Fund unassigned budgetary fund balance at June 30, 2020 was \$482,315 which represents an increase of \$46,591 compared to the ending unassigned budgetary fund balance at June 30, 2019 of \$435,724.
- The District's long-term liabilities decreased \$308,743 during the current fiscal year.

# CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

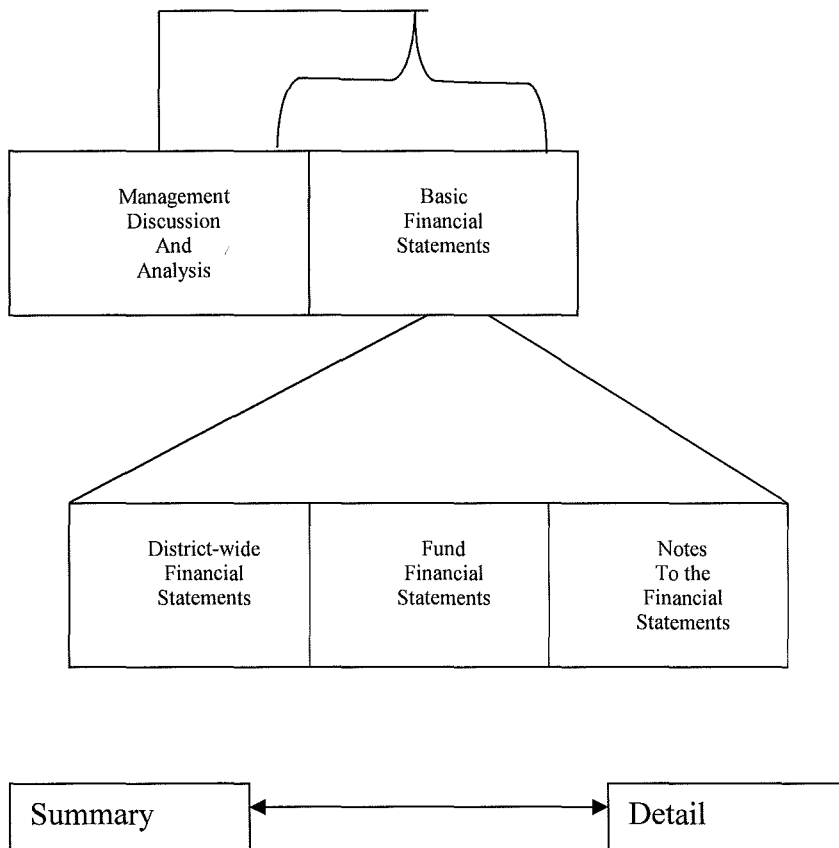
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



# CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

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

Major Features of the District-Wide and Fund Financial Statements

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

### District-wide Statements

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

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

# CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

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

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

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

### Fund Financial Statements

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

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

The District has three kinds of funds:

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

**Fund Financial Statements (Continued)**

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's *combined* net position was \$27,794,193 and \$27,917,985 on June 30, 2020 and 2019, respectively as follows:

**Net Position  
As of June 30, 2020 and 2019**

|   | Governmental<br>Activities |                      | Business-Type<br>Activities |                   | Total                |                      |
|---|----------------------------|----------------------|-----------------------------|-------------------|----------------------|----------------------|
|   | 2020                       | 2019                 | 2020                        | 2019              | 2020                 | 2019                 |
| <b>Assets</b>                                 |                            |                      |                             |                   |                      |                      |
| Current Assets                                | \$ 4,415,722               | \$ 4,512,775         | \$ 114,815                  | \$ 124,574        | \$ 4,530,537         | \$ 4,637,349         |
| Capital Assets, Net                           | 26,383,847                 | 27,106,945           | 19,981                      | 26,841            | 26,403,828           | 27,133,786           |
| Total Assets                                  | <u>30,799,569</u>          | <u>31,619,720</u>    | <u>134,796</u>              | <u>151,415</u>    | <u>30,934,365</u>    | <u>31,771,135</u>    |
| <b>Deferred Outflows of Resources</b>         | 396,236                    | 645,403              | -                           | -                 | 396,236              | 645,403              |
| <b>Total Assets and Deferred Outflows</b>     | <u>31,195,805</u>          | <u>32,265,123</u>    | <u>134,796</u>              | <u>151,415</u>    | <u>31,330,601</u>    | <u>32,416,538</u>    |
| <b>Liabilities</b>                            |                            |                      |                             |                   |                      |                      |
| Long-Term liabilities                         | 2,358,727                  | 2,667,470            | -                           | -                 | 2,358,727            | 2,667,470            |
| Other Liabilities                             | 204,111                    | 887,569              | 10,095                      | 12,623            | 214,206              | 900,192              |
| Total Liabilities                             | <u>2,562,838</u>           | <u>3,555,039</u>     | <u>10,095</u>               | <u>12,623</u>     | <u>2,572,933</u>     | <u>3,567,662</u>     |
| <b>Deferred Inflows of Resources</b>          | 959,926                    | 927,914              | 3,549                       | 2,977             | 963,475              | 930,891              |
| <b>Total Liabilities and Deferred Inflows</b> | <u>3,522,764</u>           | <u>4,482,953</u>     | <u>13,644</u>               | <u>15,600</u>     | <u>3,536,408</u>     | <u>4,498,553</u>     |
| <b>Net Position</b>                           |                            |                      |                             |                   |                      |                      |
| Net Investment in Capital Assets              | 26,339,419                 | 27,045,943           | 19,981                      | 26,841            | 26,359,400           | 27,072,784           |
| Restricted                                    | 2,557,592                  | 1,656,554            |                             |                   | 2,557,592            | 1,656,554            |
| Unrestricted                                  | (1,223,970)                | (920,327)            | 101,171                     | 108,974           | (1,122,799)          | (811,353)            |
| Total Net Position                            | <u>\$ 27,673,041</u>       | <u>\$ 27,782,170</u> | <u>\$ 121,152</u>           | <u>\$ 135,815</u> | <u>\$ 27,794,193</u> | <u>\$ 27,917,985</u> |

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

The District's total net position of \$27,794,193 at June 30, 2020 represent a \$123,792 or less than a 1% decrease from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2020 and 2019.

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

|   | Governmental<br>Activities  |                             | Business-<br>Type<br>Activities |                          | Total                       |                             |
|---|-----------------------------|-----------------------------|---------------------------------|--------------------------|-----------------------------|-----------------------------|
|   | <u>2020</u>                 | <u>2019</u>                 | <u>2020</u>                     | <u>2019</u>              | <u>2020</u>                 | <u>2019</u>                 |
| <b>Revenues</b>                           |                             |                             |                                 |                          |                             |                             |
| Program Revenues                          |                             |                             |                                 |                          |                             |                             |
| Charges for Services                      | \$ 139,713                  | \$ 277,730                  | \$ 401,821                      | \$ 486,799               | \$ 541,534                  | \$ 764,529                  |
| Operating Grants and Contributions        | 2,840,245                   | 3,223,450                   | 69,267                          | 67,113                   | 2,909,512                   | 3,290,563                   |
| Capital Grants and Contributions          | 106,379                     |                             |                                 |                          | 106,379                     | -                           |
| General Revenues                          |                             |                             |                                 |                          |                             |                             |
| Property Taxes                            | 13,325,539                  | 13,064,254                  |                                 |                          | 13,325,539                  | 13,064,254                  |
| Unrestricted State Aid                    |                             | 235                         |                                 |                          | -                           | 235                         |
| Other                                     | 107,268                     | 193,747                     | -                               | -                        | 107,268                     | 193,747                     |
| <b>Total Revenues</b>                     | <b><u>16,519,144</u></b>    | <b><u>16,759,416</u></b>    | <b><u>471,088</u></b>           | <b><u>553,912</u></b>    | <b><u>16,990,232</u></b>    | <b><u>17,313,328</u></b>    |
| <b>Expenses</b>                           |                             |                             |                                 |                          |                             |                             |
| Instruction                               |                             |                             |                                 |                          |                             |                             |
| Regular                                   | \$ 6,596,295                | \$ 6,566,836                |                                 |                          | 6,596,295                   | 6,566,836                   |
| Special Education                         | 2,338,262                   | 2,921,703                   |                                 |                          | 2,338,262                   | 2,921,703                   |
| Other Instruction                         | 199,426                     | 193,892                     |                                 |                          | 199,426                     | 193,892                     |
| School Sponsored Activities and Athletics | 468,509                     | 474,879                     |                                 |                          | 468,509                     | 474,879                     |
| Support Services                          |                             |                             |                                 |                          |                             |                             |
| Student and Instruction Related Services  | 2,519,827                   | 2,365,614                   |                                 |                          | 2,519,827                   | 2,365,614                   |
| General Administrative Services           | 726,549                     | 584,517                     |                                 |                          | 726,549                     | 584,517                     |
| School Administrative Services            | 313,510                     | 368,582                     |                                 |                          | 313,510                     | 368,582                     |
| Central Services and Info. Technology     | 467,530                     | 480,505                     |                                 |                          | 467,530                     | 480,505                     |
| Plant Operations and Maintenance          | 2,396,539                   | 2,528,182                   |                                 |                          | 2,396,539                   | 2,528,182                   |
| Pupil Transportation                      | 601,812                     | 695,835                     |                                 |                          | 601,812                     | 695,835                     |
| Interest on Long-Term Debt                | 14                          | 174                         |                                 |                          | 14                          | 174                         |
| Food Services                             | -                           | -                           | 485,751                         | 535,376                  | 485,751                     | 535,376                     |
| <b>Total Expenses</b>                     | <b><u>16,628,273</u></b>    | <b><u>17,180,719</u></b>    | <b><u>485,751</u></b>           | <b><u>535,376</u></b>    | <b><u>17,114,024</u></b>    | <b><u>17,716,095</u></b>    |
| <b>Change in Net Position</b>             | <b>(109,129)</b>            | <b>(421,303)</b>            | <b>(14,663)</b>                 | <b>18,536</b>            | <b>(123,792)</b>            | <b>(402,767)</b>            |
| <b>Net Position, Beginning of Year</b>    | <b><u>27,782,170</u></b>    | <b><u>28,203,473</u></b>    | <b><u>135,815</u></b>           | <b><u>117,279</u></b>    | <b><u>27,917,985</u></b>    | <b><u>28,320,752</u></b>    |
| <b>Net Position, End of Year</b>          | <b><u>\$ 27,673,041</u></b> | <b><u>\$ 27,782,170</u></b> | <b><u>\$ 121,152</u></b>        | <b><u>\$ 135,815</u></b> | <b><u>\$ 27,794,193</u></b> | <b><u>\$ 27,917,985</u></b> |

# CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

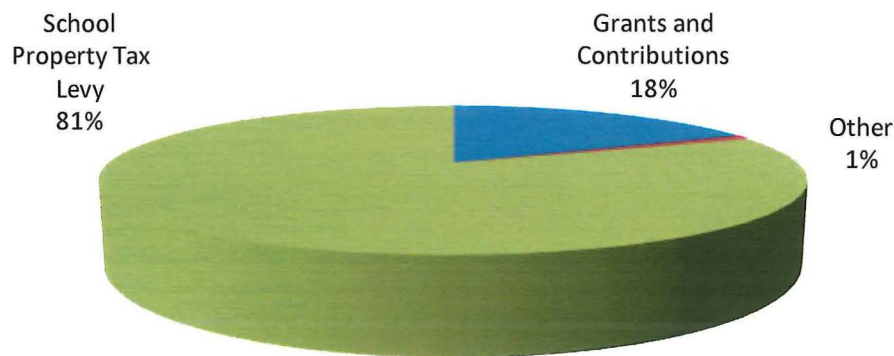
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$16,519,144 for the fiscal year ended June 30, 2020, property taxes of \$13,325,539 represented 81% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$2,946,624 and represented 18% of revenues. In addition, charges for services from, tuition fees, transportation fees, building rental fees and general revenue from unrestricted state aid and miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 1% of revenues.

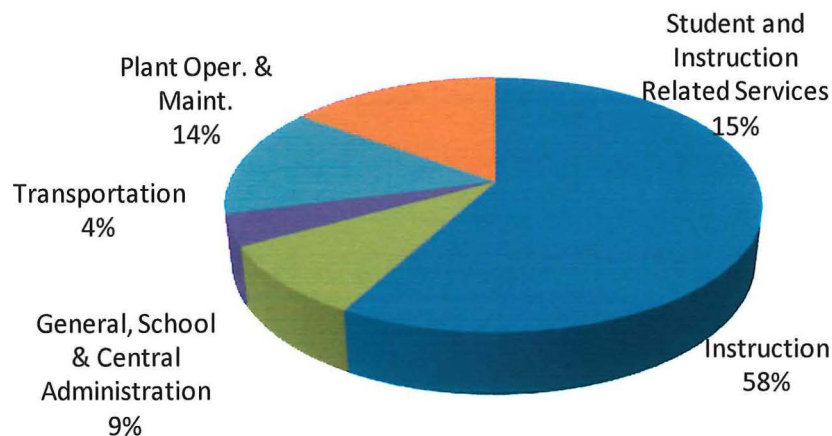
The total cost of all governmental activities programs and services was \$16,628,273 for the fiscal year ended June 30, 2020. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$9,602,492 (58%) of total expenses. Support service costs were \$7,025,767 (42%) of total expenses.

For fiscal year 2020, total governmental activities expenses exceeded revenues decreasing net position for governmental activities by \$109,129 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2020



Expenses by Use – Governmental Activities  
For Fiscal Year 2020



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

**Total Cost and Net Cost of Governmental Activities.** The District's total cost of services was \$16,628,273. After applying program revenues, derived from operating grants and contributions of \$2,946,624 and charges for services of \$139,713, the net cost of services of the District is \$13,541,936 for the fiscal year ended June 30, 2020.

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

|   | Total Cost<br>of Services |                      | Net Cost<br>of Services |                      |
|---|---------------------------|----------------------|-------------------------|----------------------|
|   | 2020                      | 2019                 | 2020                    | 2019                 |
| Instruction                               |                           |                      |                         |                      |
| Regular                                   | \$ 6,596,295              | \$ 6,566,836         | \$ 5,006,728            | \$ 4,680,948         |
| Special Education                         | 2,338,262                 | 2,921,703            | 1,592,988               | 2,190,793            |
| Other Instruction                         | 199,426                   | 193,892              | 151,387                 | 137,743              |
| School Sponsored Activities and Athletics | 468,509                   | 474,879              | 468,509                 | 467,470              |
| Support Services                          |                           |                      |                         |                      |
| Student and Instruction Related Services  | 2,519,827                 | 2,365,614            | 2,232,244               | 2,055,453            |
| General Administrative Services           | 726,549                   | 584,517              | 660,304                 | 578,291              |
| School Administrative Services            | 313,510                   | 368,582              | 257,891                 | 284,378              |
| Central Services & Info. Technology       | 467,530                   | 480,505              | 403,042                 | 390,991              |
| Plant Operations and Maintenance          | 2,396,539                 | 2,528,182            | 2,366,538               | 2,407,224            |
| Pupil Transportation                      | 601,812                   | 695,835              | 402,291                 | 486,074              |
| Interest on Long-Term Debt                | 14                        | 174                  | 14                      | 174                  |
| <b>Total</b>                              | <b>\$ 16,628,273</b>      | <b>\$ 17,180,719</b> | <b>\$ 13,541,936</b>    | <b>\$ 13,679,539</b> |

**Business-Type Activities** – The District's total business-type activities revenues were \$471,088 for the fiscal year ended June 30, 2020 and relate entirely to the District's food service (cafeteria) operations. Charges for services accounted for \$401,821, 85% of total revenues and operating grants and contributions accounted for \$69,267, 15% of total revenue.

Total cost of all business-type activities programs and services was \$485,751 for the fiscal year ended June 30, 2020.

For fiscal year 2020, total business-type activities expenses exceeded revenues, decreasing net position by \$14,663 from the previous year.



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$4,211,611 at June 30, 2020, an increase of \$586,405 from last year's fund balance of \$3,625,206. This increase was mainly attributable to actual expenditures which were less than budgeted expenditures due to the Covid-19 pandemic school closure.

Revenues for the District's governmental funds were \$16,217,963 while total expenditures were \$15,631,558 for the fiscal year ended June 30, 2020.

**GENERAL FUND**

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

The following schedule presents a summary of General Fund Revenues.

|                             | Fiscal<br>Year Ended<br><u>June 30, 2020</u> | Fiscal<br>Year Ended<br><u>June 30, 2019</u> | Amount of<br>Increase<br>(Decrease) | Percent<br>Change |
|-----------------------------|--|--|-------------------------------------|-------------------|
| Local Sources               |  |  |                                     |                   |
| Property Tax Levy           | \$ 13,325,539                                | \$ 13,064,254                                | \$ 261,285                          | 2%                |
| Interest                    | 33,662                                       | 49,571                                       | (15,909)                            | -32%              |
| Miscellaneous               | 213,319                                      | 421,906                                      | (208,587)                           | -49%              |
| State Sources               | <u>2,241,792</u>                             | <u>2,082,653</u>                             | <u>159,139</u>                      | 8%                |
| Total General Fund Revenues | <u>\$ 15,814,312</u>                         | <u>\$ 15,618,384</u>                         | <u>\$ 195,928</u>                   | 1%                |

For fiscal year 2020, total General Fund revenues increased \$195,928 or 1% from the previous year. Property taxes increased 2% to support increases in budgeted operating costs. State aid increased \$159,139 or 8% mainly due to increases in special education aid, extraordinary aid and on-behalf TPAF pension contributions paid by the State for the District's teaching professionals. Miscellaneous revenues decreased \$208,557 or 49% due to a decrease in facility rental fees and tuition fees.

The following schedule presents a summary of General Fund expenditures.

|                    | Fiscal<br>Year Ended<br><u>June 30, 2020</u> | Fiscal<br>Year Ended<br><u>June 30, 2019</u> | Amount of<br>Increase<br>(Decrease) | Percent<br>Change |
|--------------------|--|--|-------------------------------------|-------------------|
| Instruction        | \$ 9,085,868                                 | \$ 9,230,909                                 | \$ (145,041)                        | -2%               |
| Support Services   | 5,866,126                                    | 5,674,785                                    | 191,341                             | 3%                |
| Debt Service       | 16,588                                       | 18,740                                       | (2,152)                             | -11%              |
| Capital Outlay     | <u>259,325</u>                               | <u>841,344</u>                               | <u>(582,019)</u>                    | -69%              |
| Total Expenditures | <u>\$ 15,227,907</u>                         | <u>\$ 15,765,778</u>                         | <u>\$ (537,871)</u>                 | -3%               |

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

For fiscal year 2020, total General Fund expenditures decreased \$537,871 or 3% from the previous year. Notable increases during the year were attributed to regular instruction costs and student instruction related services which were offset by decreases in special education instruction costs and capital outlay expenditures.

In fiscal year 2020 General Fund revenues exceeded expenditures by \$586,405. Therefore, total fund balance increased to \$4,211,611 at June 30, 2020. After deducting restricted and assigned fund balances, the unassigned fund balance decreased slightly to \$272,099 for the year ending June 30, 2020 from \$284,365 for the year ended June 30, 2019. In addition, the District designated fund balance of \$739,991 at year end for use in the subsequent school year's budget for operating costs and has restricted \$1,807,592 of its fund balance at year end for the capital reserve and \$750,000 for the maintenance reserve.

**General Fund Budgetary Highlights**

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

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

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

For fiscal year 2020 General Fund budgetary revenues were more than budgetary expenditures increasing budgetary fund balance \$645,262 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$46,591 from \$435,724 at June 30, 2019 to \$482,315 at June 30, 2020. In addition, the District increased its capital reserve by \$601,308 from \$1,206,554 at June 30, 2019 to \$1,807,592 at June 30, 2020. The District also increased its maintenance reserve \$300,000 from \$450,000 at June 30, 2019 to \$750,000 at June 30, 2020.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2020, the District had \$26,383,847 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$19,981 for business-type activities. The following is a comparison of the June 30, 2020 and 2019 balances:

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

|                                    | <b>Governmental<br/>Activities</b> |                      | <b>Business-Type<br/>Activities</b> |                  |
|------------------------------------|------------------------------------|----------------------|-------------------------------------|------------------|
|                                    | <u>2020</u>                        | <u>2019</u>          | <u>2020</u>                         | <u>2019</u>      |
| Land and Land Improvements         | \$ 779,464                         | \$ 787,326           |                                     |                  |
| Construction in Progress           |                                    | 374,491              |                                     |                  |
| Building and Building Improvements | 25,406,892                         | 25,705,750           |                                     |                  |
| Machinery and Equipment            | <u>197,491</u>                     | <u>239,378</u>       | \$ 19,981                           | \$ 26,841        |
| <b>Total Capital Assets, Net</b>   | <u>\$ 26,383,847</u>               | <u>\$ 27,106,945</u> | <u>\$ 19,981</u>                    | <u>\$ 26,841</u> |

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2020

**LONG TERM LIABILITIES**

At June 30, 2020 the District had \$2,358,727 of total long-term outstanding liabilities. This amount is for capital leases, compensated absences and net pension liabilities. The District’s total long-term liabilities decreased \$308,473 during the year. The following is a comparison of the June 30, 2020 and 2019 balances:

**Outstanding Long-Term Liabilities  
as of June 30, 2020 and 2019**

|                        | <u>Governmental Activities</u> |                            |
|------------------------|--------------------------------|----------------------------|
|                        | <u>2020</u>                    | <u>2019</u>                |
| Capital Leases Payable | \$ 44,428                      | \$ 61,002                  |
| Compensated Absences   | 98,688                         | 82,325                     |
| Net Pension Liability  | <u>2,215,611</u>               | <u>2,524,143</u>           |
| <b>Total</b>           | <b><u>\$ 2,358,727</u></b>     | <b><u>\$ 2,667,470</u></b> |

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

**FACTORS BEARING ON THE DISTRICT’S FUTURE**

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

Many factors were considered by the District’s administration during the process of developing the fiscal year 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 expenditures in the General Fund increased approximately 9% to \$16,179,742 for fiscal year 2020-2021. Overall increases in employee benefit costs and the additional costs associated with the agreement with Maywood Public Schools to accept their grade 9 students were the main factors for the increase. A significant portion of the increased costs was funded by tuition fees associated with the Maywood tuition agreement.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Carlstadt-East Rutherford Regional Board of Education, 120 Paterson Avenue, East Rutherford, NJ 07073-1508.

## **FINANCIAL STATEMENTS**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                       |                                    |                                     |                      |
| Cash and Cash Equivalents                           | \$ 4,403,847                       | \$ 35,471                           | \$ 4,439,318         |
| Receivables, net                                    | 11,875                             | 62,913                              | 74,788               |
| Inventory   |                                    | 16,431                              | 16,431               |
| Capital Assets, Not Being Depreciated               | 559,343                            |                                     | 559,343              |
| Capital Assets, Being Depreciated, Net              | <u>25,824,504</u>                  | <u>19,981</u>                       | <u>25,844,485</u>    |
| Total Assets  | <u>30,799,569</u>                  | <u>134,796</u>                      | <u>30,934,365</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                                    |                                     |                      |
| Deferred Amounts on Net Pension Liability           | <u>396,236</u>                     | <u>-</u>                            | <u>396,236</u>       |
| Total Deferred Outflows of Resources                | <u>396,236</u>                     | <u>-</u>                            | <u>396,236</u>       |
| Total Assets and Deferred Outflows of Resources     | <u>31,195,805</u>                  | <u>134,796</u>                      | <u>31,330,601</u>    |
| <b>LIABILITIES</b>                                  |                                    |                                     |                      |
| Accounts Payable and Other Current Liabilities      | 106,477                            | 5,523                               | 112,000              |
| Unearned Revenue                                    | 97,634                             | 4,572                               | 102,206              |
| Noncurrent Liabilities                              |                                    |                                     |                      |
| Due Within One Year                                 | 25,512                             |                                     | 25,512               |
| Due Beyond One Year                                 | <u>2,333,215</u>                   | <u>-</u>                            | <u>2,333,215</u>     |
| Total Liabilities                                   | <u>2,562,838</u>                   | <u>10,095</u>                       | <u>2,572,933</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                                    |                                     |                      |
| Deferred Commodities Revenue                        |                                    | 3,549                               | 3,549                |
| Deferred Amounts on Net Pension Liability           | <u>959,926</u>                     | <u>-</u>                            | <u>959,926</u>       |
| Total Deferred Inflows of Resources                 | <u>959,926</u>                     | <u>3,549</u>                        | <u>963,475</u>       |
| Total Liabilities and Deferred Inflows of Resources | <u>3,522,764</u>                   | <u>13,644</u>                       | <u>3,536,408</u>     |
| <b>NET POSITION</b>                                 |                                    |                                     |                      |
| Net Investment in Capital Assets                    | 26,339,419                         | 19,981                              | 26,359,400           |
| Restricted for                                      |                                    |                                     |                      |
| Capital Projects                                    | 1,807,592                          |                                     | 1,807,592            |
| Plant Maintenance                                   | 750,000                            |                                     | 750,000              |
| Unrestricted  | <u>(1,223,970)</u>                 | <u>101,171</u>                      | <u>(1,122,799)</u>   |
| Total Net Position                                  | <u>\$ 27,673,041</u>               | <u>\$ 121,152</u>                   | <u>\$ 27,794,193</u> |

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 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                |
| <b>Governmental Activities</b>              |                      |                      |                                    |                                  |   |                          |                      |
| Instruction                                 |                      |                      |                                    |                                  |   |                          |                      |
| Regular                                     | \$ 6,596,295         |                      | \$ 1,483,188                       | \$ 106,379                       | \$ (5,006,728)                                    |                          | \$ (5,006,728)       |
| Special Education                           | 2,338,262            |                      | 745,274                            |                                  | (1,592,988)                                       |                          | (1,592,988)          |
| Other Instruction                           | 199,426              |                      | 48,039                             |                                  | (151,387)   |                          | (151,387)            |
| School Sponsored Activities and Athletics   | 468,509              |                      |                                    |                                  | (468,509)   |                          | (468,509)            |
| Support Services                            |                      |                      |                                    |                                  |   |                          |                      |
| Student and Instruction Related Services    | 2,519,827            |                      | 287,583                            |                                  | (2,232,244)                                       |                          | (2,232,244)          |
| General Administrative Services             | 726,549              |                      | 66,245                             |                                  | (660,304)   |                          | (660,304)            |
| School Administrative Services              | 313,510              |                      | 55,619                             |                                  | (257,891)   |                          | (257,891)            |
| Central Services and Info. Technology       | 467,530              |                      | 64,488                             |                                  | (403,042)   |                          | (403,042)            |
| Plant Operations and Maintenance            | 2,396,539            | \$ 28,163            | 1,838                              |                                  | (2,366,538)                                       |                          | (2,366,538)          |
| Pupil Transportation                        | 601,812              | 111,550              | 87,971                             |                                  | (402,291)   |                          | (402,291)            |
| Interest on Long Term Debt                  | 14                   | -                    | -                                  | -                                | (14)  | -                        | (14)                 |
| <b>Total Governmental Activities</b>        | <b>16,628,273</b>    | <b>139,713</b>       | <b>2,840,245</b>                   | <b>106,379</b>                   | <b>(13,541,936)</b>                               | <b>-</b>                 | <b>(13,541,936)</b>  |
| <b>Business-Type Activities</b>             |                      |                      |                                    |                                  |   |                          |                      |
| Food Service                                | 485,751              | 401,821              | 69,267                             | -                                | -   | \$ (14,663)              | (14,663)             |
| <b>Total Business-Type Activities</b>       | <b>485,751</b>       | <b>401,821</b>       | <b>69,267</b>                      | <b>-</b>                         | <b>-</b>  | <b>(14,663)</b>          | <b>(14,663)</b>      |
| <b>Total Primary Government</b>             | <b>\$ 17,114,024</b> | <b>\$ 541,534</b>    | <b>\$ 2,909,512</b>                | <b>\$ 106,379</b>                | <b>(13,541,936)</b>                               | <b>(14,663)</b>          | <b>(13,556,599)</b>  |
| <b>General Revenues</b>                     |                      |                      |                                    |                                  |   |                          |                      |
| Taxes:                                      |                      |                      |                                    |                                  |   |                          |                      |
| Property Taxes, levied for general purposes |                      |                      |                                    |                                  | 13,325,539  |                          | 13,325,539           |
| Investment Earnings                         |                      |                      |                                    |                                  | 33,662  |                          | 33,662               |
| Miscellaneous Income                        |                      |                      |                                    |                                  | 73,606  |                          | 73,606               |
| <b>Total General Revenues</b>               |                      |                      |                                    |                                  | <b>13,432,807</b>                                 | <b>-</b>                 | <b>13,432,807</b>    |
| <b>Change in Net Position</b>               |                      |                      |                                    |                                  | <b>(109,129)</b>                                  | <b>(14,663)</b>          | <b>(123,792)</b>     |
| <b>Net Position, Beginning of Year</b>      |                      |                      |                                    |                                  | <b>27,782,170</b>                                 | <b>135,815</b>           | <b>27,917,985</b>    |
| <b>Net Position, End of Year</b>            |                      |                      |                                    |                                  | <b>\$ 27,673,041</b>                              | <b>\$ 121,152</b>        | <b>\$ 27,794,193</b> |

**FUND FINANCIAL STATEMENTS**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2020**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|---|
| <b>ASSETS</b>  |                         |                                     |                                      |   |
| Cash and Cash Equivalents  | \$ 3,811,462            | \$ 63,826                           | \$ 528,559                           | \$ 4,403,847                            |
| Receivables from Other Governments                                     |                         | 10,649                              |                                      | 10,649                                  |
| Other Receivables  |                         | 1,226                               |                                      | 1,226                                   |
| Due from Other Funds   | <u>528,559</u>          | <u>-</u>                            | <u>-</u>                             | <u>528,559</u>                          |
| <br>Total Assets   | <br><u>\$ 4,340,021</u> | <br><u>\$ 75,701</u>                | <br><u>\$ 528,559</u>                | <br><u>\$ 4,944,281</u>                 |
| <b>LIABILITIES AND FUND BALANCES</b>                                   |                         |                                     |                                      |   |
| Liabilities  |                         |                                     |                                      |   |
| Accounts Payable   | \$ 100,521              |                                     |                                      | \$ 100,521                              |
| Due to Other Funds   | 2,089                   |                                     | \$ 528,559                           | 530,648                                 |
| Payable to Federal Government  |                         | \$ 3,867                            |                                      | 3,867                                   |
| Unearned Revenue   | <u>25,800</u>           | <u>71,834</u>                       | <u>-</u>                             | <u>97,634</u>                           |
| <br>Total Liabilities  | <br><u>128,410</u>      | <br><u>75,701</u>                   | <br><u>528,559</u>                   | <br><u>732,670</u>                      |
| Fund Balances  |                         |                                     |                                      |   |
| Restricted   |                         |                                     |                                      |   |
| Capital Reserve  | 1,807,592               |                                     |                                      | 1,807,592                               |
| Maintenance Reserve  | 585,000                 |                                     |                                      | 585,000                                 |
| Maintenance Reserve - Designated For<br>Subsequent Year's Expenditures | 165,000                 |                                     |                                      | 165,000                                 |
| Excess Surplus   | 592,828                 |                                     |                                      | 592,828                                 |
| Excess Surplus-Designated for Subsequent<br>Year's Expenditures        | 600,000                 |                                     |                                      | 600,000                                 |
| Assigned   |                         |                                     |                                      |   |
| Year End Encumbrances  | 49,101                  |                                     |                                      | 49,101                                  |
| Designated for Subsequent Year's Expenditures                          | 139,991                 |                                     |                                      | 139,991                                 |
| Unassigned   | <u>272,099</u>          | <u>-</u>                            | <u>-</u>                             | <u>272,099</u>                          |
| <br>Total Fund Balances  | <br><u>4,211,611</u>    | <br><u>-</u>                        | <br><u>-</u>                         | <br><u>4,211,611</u>                    |
| <br>Total Liabilities and Fund Balances                                | <br><u>\$ 4,340,021</u> | <br><u>\$ 75,701</u>                | <br><u>\$ 528,559</u>                | <br><u>\$ 4,944,281</u>                 |



**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2020**

**Total Fund Balance - Governmental Funds (Exhibit B-1)** \$ 4,211,611

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 \$36,136,260 and the accumulated depreciation is \$9,752,413. 26,383,847

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

|                                |                  |           |
|--------------------------------|------------------|-----------|
| Deferred Outflows of Resources | \$ 396,236       |           |
| Deferred Inflows of Resources  | <u>(959,926)</u> | (563,690) |

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

|                       |                    |                    |
|-----------------------|--------------------|--------------------|
| Capital Leases        | (44,428)           |                    |
| Compensated Absences  | (98,688)           |                    |
| Net Pension Liability | <u>(2,215,611)</u> | <u>(2,358,727)</u> |

**Net Position of Governmental Activities (Exhibit A-1)** \$ 27,673,041

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

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|---|
| <b>REVENUES</b>                              |                         |                                     |                                      |   |
| Local Sources                                |                         |                                     |                                      |   |
| Property Tax Levy                            | \$ 13,325,539           |                                     |                                      | \$ 13,325,539                           |
| Interest                                     | 33,662                  |                                     |                                      | 33,662                                  |
| Miscellaneous                                | <u>213,319</u>          | <u>\$ 198,507</u>                   | <u>-</u>                             | <u>411,826</u>                          |
| Total - Local Sources                        | 13,572,520              | 198,507                             | -                                    | 13,771,027                              |
| State Sources                                |                         |                                     |                                      |   |
| Federal Sources                              | <u>2,241,792</u>        |                                     |                                      | <u>2,241,792</u>                        |
|  | <u>-</u>                | <u>205,144</u>                      | <u>-</u>                             | <u>205,144</u>                          |
| Total Revenues                               | <u>15,814,312</u>       | <u>403,651</u>                      | <u>-</u>                             | <u>16,217,963</u>                       |
| <b>EXPENDITURES</b>                          |                         |                                     |                                      |   |
| Current                                      |                         |                                     |                                      |   |
| Regular Instruction                          | 6,208,179               | 160,255                             |                                      | 6,368,434                               |
| Special Education Instruction                | 2,201,824               | 116,624                             |                                      | 2,318,448                               |
| Other Instruction                            | 190,781                 |                                     |                                      | 190,781                                 |
| School-Sponsored Activities and Athletics    | 485,084                 |                                     |                                      | 485,084                                 |
| Support Services                             |                         |                                     |                                      |   |
| Student and Instruction Related Services     | 2,449,815               | 20,393                              |                                      | 2,470,208                               |
| General Administrative Services              | 707,689                 |                                     |                                      | 707,689                                 |
| School Administrative Services               | 306,319                 |                                     |                                      | 306,319                                 |
| Central Services and Info. Technology        | 449,082                 |                                     |                                      | 449,082                                 |
| Plant Operations and Maintenance             | 1,352,863               |                                     |                                      | 1,352,863                               |
| Pupil Transportation                         | 600,358                 |                                     |                                      | 600,358                                 |
| Debt Service                                 |                         |                                     |                                      |   |
| Principal                                    | 16,574                  |                                     |                                      | 16,574                                  |
| Interest and Other Charges                   | 14                      |                                     |                                      | 14                                      |
| Capital Outlay                               | <u>259,325</u>          | <u>106,379</u>                      | <u>-</u>                             | <u>365,704</u>                          |
| Total Expenditures                           | <u>15,227,907</u>       | <u>403,651</u>                      | <u>-</u>                             | <u>15,631,558</u>                       |
| Excess (Deficiency) of Revenues Over/(Under) |                         |                                     |                                      |   |
| Expenditures                                 | 586,405                 | -                                   | -                                    | 586,405                                 |
| Fund Balance, Beginning of Year              | <u>3,625,206</u>        | <u>-</u>                            | <u>-</u>                             | <u>3,625,206</u>                        |
| Fund Balance, End of Year                    | <u>\$ 4,211,611</u>     | <u>\$ -</u>                         | <u>\$ -</u>                          | <u>\$ 4,211,611</u>                     |

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ 586,405**

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

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

|                      |                    |           |
|----------------------|--------------------|-----------|
| Capital Outlay       | \$ 365,704         |           |
| Depreciation Expense | <u>(1,088,802)</u> | (723,098) |

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

|                                  |               |        |
|----------------------------------|---------------|--------|
| Increase in Compensated Absences | (16,363)      |        |
| Decrease in Net Pension Expense  | <u>27,353</u> | 10,990 |

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

|                         |               |               |
|-------------------------|---------------|---------------|
| Capital Lease Principal | <u>16,574</u> | <u>16,574</u> |
|-------------------------|---------------|---------------|

**Change in net position of governmental activities (Exhibit A-2)** **\$ (109,129)**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2020**

|  | <b>Business-Type<br/>           Activities<br/> <u>Enterprise Fund</u><br/> <u>Food Services</u></b> |
|--|--|
| <b>ASSETS</b>                                      |  |
| Current Assets                                     |  |
| Cash and Cash Equivalents                          | \$ 35,471  |
| Intergovernmental Receivable                       | 62,886   |
| Other Receivable                                   | 27   |
| Inventory  | <u>16,431</u>  |
| Total Current Assets                               | <u>114,815</u>   |
| Capital Assets                                     |  |
| Machinery and Equipment                            | 193,411  |
| Less: Accumulated Depreciation                     | <u>(173,430)</u>   |
| Total Capital Assets, Net                          | <u>19,981</u>  |
| Total Assets                                       | <u>134,796</u>   |
| <b>LIABILITIES</b>                                 |  |
| Accounts Payable                                   | 5,523  |
| Unearned Revenue                                   | <u>4,572</u>   |
| Total Liabilities                                  | <u>10,095</u>  |
| <b>DEFERRED INFLOW OF RESOURCES</b>                |  |
| Deferred Commodities Revenue                       | <u>3,549</u>   |
| Total Deferred Inflows of Resources                | <u>3,549</u>   |
| Total Liabilities and Deferred Inflow of Resources | <u>13,644</u>  |
| <b>NET POSITION</b>                                |  |
| Investment in Capital Assets                       | 19,981   |
| Unrestricted                                       | <u>101,171</u>   |
| Total Net Position                                 | <u>\$ 121,152</u>  |

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

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

|   | <b>Business-Type<br/>Activities<br/><u>Enterprise Fund</u><br/><u>Food Services</u></b> |
|---|---|
| <b>OPERATING REVENUES</b>                 |   |
| Charges for Services                      |   |
| Daily Sales                               |   |
| Reimbursable Programs                     | \$ 101,369  |
| Non-Reimbursable Programs                 | 297,486   |
| Special Functions                         | <u>2,966</u>  |
| Total Operating Revenues                  | <u>401,821</u>  |
| <b>OPERATING EXPENSES</b>                 |   |
| Cost of Sales - Reimbursable Programs     | 154,220   |
| Cost of Sales - Non Reimbursable Programs | 60,094  |
| Salaries and Benefits                     | 153,915   |
| Purchased Management Services             | 48,430  |
| Van and Vehicle Services                  | 7,475   |
| Insurance                                 | 1,996   |
| Purchase Professional Technical Service   | 7,608   |
| Other Purchased Services                  | 21,541  |
| General Supplies                          | 21,141  |
| Depreciation                              | <u>9,331</u>  |
| Total Operating Expenses                  | <u>485,751</u>  |
| Operating Loss                            | <u>(83,930)</u>   |
| <b>NONOPERATING REVENUES</b>              |   |
| State Sources                             |   |
| School Lunch Program                      | 1,429   |
| Federal Sources                           |   |
| National School Breakfast Program         | 5,325   |
| National School Lunch Program             | 53,659  |
| Food Distribution Program                 | <u>8,854</u>  |
| Total Nonoperating Revenues               | <u>69,267</u>   |
| Change in Net Position                    | (14,663)  |
| Net Position , Beginning of Year          | <u>135,815</u>  |
| Net Position, End of Year                 | <u>\$ 121,152</u>   |

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

|  | <b>Business-Type<br/>Activities<br/><u>Enterprise Fund</u><br/><u>Food Services</u></b> |
|--|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |
| Cash Received from Customers   | \$ 377,234  |
| Cash Payment for Employees Salaries and Benefits   | (153,915)   |
| Cash Payments to Suppliers for Goods and Services  | <u>(322,036)</u>  |
| Net Cash Provided (Used) by Operating Activities   | <u>(98,717)</u>   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                   |   |
| Cash Received from State and Federal Subsidy Reimbursements                              | <u>72,036</u>   |
| Net Cash Provided (Used) by Noncapital Financing Activities                              | <u>72,036</u>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                          |   |
| Purchase of Capital Assets   | <u>(2,471)</u>  |
| Net Cash (Used) by Capital and Related Financing Activities                              | <u>(2,471)</u>  |
| Net Increase in Cash and Cash Equivalents  | (29,152)  |
| Cash and Cash Equivalents, Beginning of Year   | <u>64,623</u>   |
| Cash and Cash Equivalents, End of Year   | <u>\$ 35,471</u>  |
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH<br/>PROVIDED BY OPERATING ACTIVITIES</b> |   |
| Operating Loss   | <u>\$ (83,930)</u>  |
| Adjustments to Reconcile Operating Loss to<br>Net Cash Provided by Operating Activities  |   |
| Depreciation   | 9,331   |
| Non Cash Federal Assistance -<br>Food Distribution Program (USDA Commodities)            | 8,854   |
| Change in Assets, Liabilities and Deferred Inflows of Resources                          |   |
| (Increase)/Decrease in Intergovernmental Receivable - Local                              | (27,585)  |
| (Increase)/Decrease in Inventory   | (3,431)   |
| Increase/(Decrease) in Unearned Revenue  | 2,998   |
| Increase/(Decrease) in Accounts Payable  | (5,526)   |
| Increase/(Decrease) in Deferred Commodities Revenue                                      | <u>572</u>  |
| Total Adjustments  | <u>(14,787)</u>   |
| Net Cash Provided by Operating Activities  | <u>\$ (98,717)</u>  |
| Non-Cash Investing, Capital and Financing Activities                                     |   |
| Value Received for Food Distribution Program   | \$ 9,426  |

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2020**

|  | <b>Private Purpose<br/>Scholarship<br/>Fund</b> | <b>Agency Fund</b> |
|--|---|--------------------|
| <b>ASSETS</b>                                  |   |                    |
| Cash and Cash Equivalents                      | \$ 772,558                                      | \$ 67,287          |
| Due from Other Funds                           | <u>12</u>                                       | <u>2,077</u>       |
| Total Assets                                   | <u>772,570</u>                                  | <u>\$ 69,364</u>   |
| <b>LIABILITIES</b>                             |   |                    |
| Accounts Payable                               | \$ 2,000  |                    |
| Accrued Salaries and Wages                     |   | \$ 636             |
| Payroll Deductions and Withholdings            |   | 21,454             |
| Due to Student Groups                          | <u>-</u>  | <u>47,274</u>      |
| Total Liabilities                              | <u>2,000</u>                                    | <u>\$ 69,364</u>   |
| <b>NET POSITION</b>                            |   |                    |
| Held in Trust for Private Purpose Scholarships | <u>\$ 770,570</u>                               |                    |

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

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

|                                 | <b>Private Purpose<br/>Scholarship<br/><u>Fund</u></b> |
|---------------------------------|--|
| <b>ADDITIONS</b>                |  |
| Contributions                   |  |
| Donations                       | \$ 417,250   |
| Investment Earnings             |  |
| Interest                        | <u>3,283</u>   |
| Total Additions                 | <u>420,533</u>   |
| <b>DEDUCTIONS</b>               |  |
| Scholarships Awarded            | <u>18,800</u>  |
| Total Deductions                | <u>18,800</u>  |
| Change in Net Position          | 401,733  |
| Net Position, Beginning of Year | <u>368,837</u>   |
| Net Position, End of Year       | <u>\$ 770,570</u>                                      |

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



**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Carlstadt-East Rutherford Regional Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. 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 grade nine (9) through grade twelve (12) regional 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 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-East Rutherford Regional Board of Education this includes general operations, food service and student related activities of the District.

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

**B. New Accounting Standards**

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.
- 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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. 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.

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

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

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

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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)**

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. 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.

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.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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)**

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

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

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

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

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

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

**2. *Receivables***

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

**3. *Inventories***

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

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

**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.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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 (Continued)**

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

| <u>Assets</u>                  | <u>Years</u> |
|--------------------------------|--------------|
| Land Improvements              | 5-20         |
| Buildings                      | 20-50        |
| Building Improvements          | 7-30         |
| Office Equipment and Furniture | 5-20         |
| Computer Equipment             | 5            |

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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

**6. Compensated Absences**

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

**CARLSTADT-EAST RUTHERFORD REGIONAL 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)**

**7. *Pensions***

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

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

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

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

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

**District-Wide Statements**

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

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

**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.



**CARLSTADT-EAST RUTHERFORD REGIONAL 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)**

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

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

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 2C).

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

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.

**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.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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)**

***10. Fund Balance Policies (Continued)***

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

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 \$651,106. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve**

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

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

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

|                                       |                |                     |
|---------------------------------------|----------------|---------------------|
| Balance, July 1, 2019                 |                | \$ 1,206,554        |
| Increased by                          |                |                     |
| Interest Earnings                     | \$ 722         |                     |
| Unexpended Budget Appropriations      |                |                     |
| Funded by Capital Reserve             | 316            |                     |
| Deposits Approved by Board Resolution | <u>600,000</u> |                     |
|                                       |                | <u>601,038</u>      |
| Balance, June 30, 2020                |                | <u>\$ 1,807,592</u> |

**C. Maintenance Reserve**

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Maintenance Reserve (Continued)**

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

|                                       |                   |
|---------------------------------------|-------------------|
| Balance, June 30, 2019                | \$ 450,000        |
| Increased by                          |                   |
| Deposits Approved by Board Resolution | <u>300,000</u>    |
| Balance, June 30, 2020                | <u>\$ 750,000</u> |

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$866,185. \$165,000 of the maintenance reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$1,192,828. Of this amount, \$600,000 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$592,828 will be appropriated in the 2021/2022 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$5,279,163 and bank and brokerage firm balances of the Board's deposits amounted to \$6,090,166. 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<br/>Balance</u> |
|---------------------------|-------------------------|
| Insured                   | \$ <u>6,090,166</u>     |

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 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.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**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>Special<br/>Revenue</u> | <u>Food<br/>Service</u> | <u>Total</u>     |
|---------------------------------------|----------------------------|-------------------------|------------------|
| Receivables:                          |                            |                         |                  |
| Intergovernmental                     |                            |                         |                  |
| Local                                 |                            | \$ 60,457               | \$ 60,457        |
| State                                 |                            | 38                      | 38               |
| Federal                               | \$ 10,649                  | 2,391                   | 13,040           |
| Other Accounts                        | <u>1,226</u>               | <u>27</u>               | <u>1,253</u>     |
| Gross Receivables                     | 11,875                     | 62,913                  | 74,788           |
| Less: Allowance for<br>Uncollectibles | -                          | -                       | -                |
| Net Total Receivables                 | <u>\$ 11,875</u>           | <u>\$ 62,913</u>        | <u>\$ 74,788</u> |

**C. Unearned Revenue**

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

|   |                  |
|---|------------------|
| General Fund                                  |                  |
| Prepaid Facility Rental Fees                  | \$ 25,800        |
| Special Revenue Fund                          |                  |
| Unencumbered Grant Draw Downs                 | 68,932           |
| Grant Draw Downs Reserved for Encumbrances    | <u>2,902</u>     |
| Total Unearned Revenue for Governmental Funds | <u>\$ 97,634</u> |

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

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

|  | <u>Balance,<br/>July 1, 2019</u> | <u>Increases</u>   | <u>Decreases</u>    | <u>Balance,<br/>June 30, 2020</u> |
|--|----------------------------------|--------------------|---------------------|-----------------------------------|
| <b>Governmental Activities:</b>              |                                  |                    |                     |                                   |
| Capital Assets, Not Being Depreciated:       |                                  |                    |                     |                                   |
| Land   | \$ 559,343                       |                    |                     | \$ 559,343                        |
| Construction in Progress                     | 374,491                          | \$ 259,325         | \$ (633,816)        | -                                 |
| Total Capital Assets, Not Being Depreciated  | <u>933,834</u>                   | <u>259,325</u>     | <u>(633,816)</u>    | <u>559,343</u>                    |
| Capital Assets, Being Depreciated:           |                                  |                    |                     |                                   |
| Land Improvements                            | 332,288                          |                    |                     | 332,288                           |
| Building and Building Improvements           | 33,168,291                       | 740,195            |                     | 33,908,486                        |
| Machinery and Equipment                      | 1,336,143                        | -                  | -                   | 1,336,143                         |
| Total Capital Assets Being Depreciated       | <u>34,836,722</u>                | <u>740,195</u>     | <u>-</u>            | <u>35,576,917</u>                 |
| Less Accumulated Depreciation for:           |                                  |                    |                     |                                   |
| Land Improvements                            | (104,305)                        | (7,862)            |                     | (112,167)                         |
| Building and Building Improvements           | (7,462,541)                      | (1,039,053)        |                     | (8,501,594)                       |
| Machinery and Equipment                      | (1,096,765)                      | (41,887)           | -                   | (1,138,652)                       |
| Total Accumulated Depreciation               | <u>(8,663,611)</u>               | <u>(1,088,802)</u> | <u>-</u>            | <u>(9,752,413)</u>                |
| Total Assets, Being Depreciation, Net        | <u>26,173,111</u>                | <u>(348,607)</u>   | <u>-</u>            | <u>25,824,504</u>                 |
| Governmental Activities Capital Assets, Net  | <u>\$ 27,106,945</u>             | <u>\$ (89,282)</u> | <u>\$ (633,816)</u> | <u>\$ 26,383,847</u>              |
| <b>Business-Type Activities:</b>             |                                  |                    |                     |                                   |
| Capital Assets, Being Depreciated:           |                                  |                    |                     |                                   |
| Machinery and Equipment                      | \$ 190,940                       | \$ 2,471           | -                   | \$ 193,411                        |
| Total Capital Assets Being Depreciated       | <u>190,940</u>                   | <u>2,471</u>       | <u>-</u>            | <u>193,411</u>                    |
| Less Accumulated Depreciation for:           |                                  |                    |                     |                                   |
| Machinery and Equipment                      | (164,099)                        | (9,331)            | -                   | (173,430)                         |
| Total Accumulated Depreciation               | <u>(164,099)</u>                 | <u>(9,331)</u>     | <u>-</u>            | <u>(173,430)</u>                  |
| Total Capital Assets, Being Depreciated, Net | <u>26,841</u>                    | <u>(6,860)</u>     | <u>-</u>            | <u>19,981</u>                     |
| Business-Type Activities Capital Assets, Net | <u>\$ 26,841</u>                 | <u>\$ (6,860)</u>  | <u>\$ -</u>         | <u>\$ 19,981</u>                  |



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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental Activities:**

|  |    |                  |
|--|----|------------------|
| Instruction  |    |                  |
| Regular Instruction                                  | \$ | 414              |
| Total Instruction                                    |    | <u>414</u>       |
| Support Services                                     |    |                  |
| General Administration                               | \$ | 11,973           |
| Central Administration                               |    | 1,090            |
| Plant Operations and Maintenance                     |    | 1,067,626        |
| Pupil Transportation                                 |    | <u>7,699</u>     |
| Total Support Services                               |    | <u>1,088,388</u> |
| Total Depreciation Expense - Governmental Activities | \$ | <u>1,088,802</u> |

**Business-Type Activities:**

|                   |    |              |
|-------------------|----|--------------|
| Food Service Fund | \$ | <u>9,331</u> |
|-------------------|----|--------------|

**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           | Capital Projects Fund | \$ 528,559        |
| Scholarship Trust Fund | General Fund          | 12                |
| Payroll Agency Fund    | General Fund          | <u>2,077</u>      |
| Total                  |                       | <u>\$ 530,648</u> |

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

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Operating Leases**

The District entered into a lease agreement with the Borough of East Rutherford for the rental of certain real property known as Riggan Field to be utilized for its Athletic Program. Lease payments for the fiscal year ended June 30, 2020 were \$110,000. Total future payments required under the lease are to be paid in annual installments of \$110,000. The lease expires in July 2025.

**Capital Leases**

The District is leasing copiers and a postage machine totaling \$92,263 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

|                         |                                    |
|-------------------------|------------------------------------|
|                         | <u>Governmental<br/>Activities</u> |
| Machinery and Equipment | \$ 92,263                          |
|                         | <u>\$ 92,263</u>                   |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

|   |                                    |
|---|------------------------------------|
| <u>Fiscal<br/>Year Ending June 30</u>   | <u>Governmental<br/>Activities</u> |
| 2021                                    | \$ 15,512                          |
| 2022                                    | 15,512                             |
| 2023                                    | 12,519                             |
| 2024                                    | <u>885</u>                         |
| Total minimum lease payments            | 44,428                             |
| Less: amount representing interest      | <u>-</u>                           |
| Present value of minimum lease payments | <u>\$ 44,428</u>                   |

**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) | \$ 156,623,148        |
| Less: Net Debt                              | <u>-</u>              |
| Remaining Borrowing Power                   | <u>\$ 156,623,148</u> |

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

|  | Balance,<br>July 1, 2019 | <u>Additions</u> | <u>Reductions</u> | Balance,<br>June 30, 2020 | Due<br>Within<br>One Year |
|--|--------------------------|------------------|-------------------|---------------------------|---------------------------|
| <b>Governmental Activities:</b>                |                          |                  |                   |                           |                           |
| Capital Lease Payable                          | \$ 61,002                |                  | \$ 16,574         | \$ 44,428                 | \$ 15,512                 |
| Compensated Absences                           | 82,325                   | 16,363           |                   | 98,688                    | 10,000                    |
| Net Pension Liability                          | <u>2,524,143</u>         | <u>-</u>         | <u>308,532</u>    | <u>2,215,611</u>          | <u>-</u>                  |
| Governmental Activity<br>Long-Term Liabilities | <u>\$ 2,667,470</u>      | <u>\$ 16,363</u> | <u>\$ 325,106</u> | <u>\$ 2,358,727</u>       | <u>\$ 25,512</u>          |

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 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](http://www.state.nj.us/treasury/pensions).

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

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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

The following represents the membership tiers for PERS:

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

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

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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                              |

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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

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

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

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

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

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

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

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

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

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 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 this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 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 accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal<br>Year Ended<br><u>June 30,</u> | <u>PERS</u> | On-behalf<br><u>TPAF</u> | <u>DCRP</u> |
|---|-------------|--------------------------|-------------|
| 2020                                    | \$ 119,609  | \$ 936,499               | \$ 6,775    |
| 2019                                    | 127,515     | 827,692                  | 7,341       |
| 2018                                    | 111,094     | 631,523                  | 5,172       |



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

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

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

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$297, \$372 and \$669, respectively for PERS and the State contributed \$396, \$529 and \$400, 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 \$338,657 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 \$2,215,611 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, actuarially determined. At June 30, 2019, the District's proportionate share was .01230 percent, which was a decrease of .00052 percent from its proportionate share measured as of June 30, 2018 of .01282 percent.

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

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

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

**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 \$92,256 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:

|  | <b><u>Deferred<br/>Outflows<br/>of Resources</u></b> | <b><u>Deferred<br/>Inflows<br/>of Resources</u></b> |
|--|--|---|
| Difference Between Expected and Actual Experience  | \$ 39,767  | \$ 9,788  |
| Changes of Assumptions   | 221,237  | 769,032   |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments                             |  | 34,974  |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>135,232</u>                                       | <u>146,132</u>                                      |
| Total  | <u>\$ 396,236</u>                                    | <u>\$ 959,926</u>                                   |

At June 30, 2019, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

| <u>Year<br/>Ending<br/>December 31,</u> | <u>Total</u>        |
|---|---------------------|
| 2021                                    | \$ (81,131)         |
| 2022                                    | (210,202)           |
| 2023                                    | (171,170)           |
| 2024                                    | (88,005)            |
| 2025                                    | <u>(13,182)</u>     |
|   | <u>\$ (563,690)</u> |

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

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

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

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

*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%<br>Based on Years<br>of Service  |
| Thereafter                | 3.00%-7.00%<br>Based on Years<br>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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

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

**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<br>Payments for which the Following<br>Rates were Applied: |                                     |
| Long-Term Expected Rate of Return  | Through June 30, 2057               |
| Municipal Bond Rate *  | From July 1, 2057<br>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:

|   | <b>1%<br/>Decrease<br/><u>5.28%</u></b> | <b>Current<br/>Discount Rate<br/><u>6.28%</u></b> | <b>1%<br/>Increase<br/><u>7.28%</u></b> |
|---|---|---|---|
| District's Proportionate Share of<br>the PERS Net Pension Liability | \$ <u>2,798,677</u>                     | \$ <u>2,215,611</u>                               | \$ <u>1,724,296</u>                     |

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

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

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

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

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

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 \$1,492,134 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 \$25,297,832. 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 .04122 percent, which was a decrease of .00065 percent from its proportionate share measured as of June 30, 2018 of .04187 percent.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 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%<br>Based on Years<br>of Service  |
| Thereafter                | 2.75%-5.65%<br>Based on Years<br>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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

| <b>Fiscal Year</b> | <b>Measurement Date</b> | <b>Discount Rate</b> |
|--------------------|-------------------------|----------------------|
| 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:

|  | <b>1% Decrease<br/>(4.60%)</b> | <b>Current Discount Rate<br/>(5.60%)</b> | <b>1% Increase<br/>(6.60%)</b> |
|--|--------------------------------|--|--------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | <u>\$ 29,831,743</u>           | <u>\$ 25,297,832</u>                     | <u>\$ 21,536,117</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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

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

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 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. 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 \$347,424, \$375,440 and \$407,887, 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.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$92,970. 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 \$13,945,689. 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 .03342 percent, which was a decrease of .00092 percent from its proportionate share measured as of June 30, 2018 of .03434 percent.

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.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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%.

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:

| <b><u>Fiscal Year</u></b> | <b><u>Measurement Date</u></b> | <b><u>Discount Rate</u></b> |
|---------------------------|--------------------------------|-----------------------------|
| 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Changes in the Total OPEB Liability**

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

|  | Total OPEB<br>Liability<br>(State Share 100%) |
|--|---|
| Balance, June 30, 2018 Measurement Date            | \$ <u>15,833,114</u>                          |
| Changes Recognized for the Fiscal Year:            |   |
| Service Cost                                       | 486,232                                       |
| Interest on the Total OPEB Liability               | 623,597                                       |
| Differences Between Expected and Actual Experience | (2,789,784)                                   |
| Changes of Assumptions                             | 207,931                                       |
| Gross Benefit Payments                             | (428,091)                                     |
| Contributions from the Member                      | 12,690  |
| <b>Net Changes</b>                                 | <u>\$ (1,887,425)</u>                         |
| Balance, June 30, 2019 Measurement Date            | \$ <u><u>13,945,689</u></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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Sensitivity of OPEB Liability**

*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:

|  | <b>1%<br/>Decrease<br/><u>(2.50%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(3.50%)</u></b> | <b>1%<br/>Increase<br/><u>(4.50%)</u></b> |
|--|---|---|---|
| State's Proportionate Share of<br>the OPEB Liability<br>Attributable to the District | \$ 16,475,370                             | \$ 13,945,689                                       | \$ 11,936,249                             |

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

|  | <b>1%<br/>Decrease</b> | <b>Healthcare<br/>Cost Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|--|------------------------|--|------------------------|
| Total OPEB Liability (School Retirees) | \$ 11,490,626          | \$ 13,945,689                              | \$ 17,195,688          |

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



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

**NOTE 5 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|-------------------------------|-------------------------|-------------------|---|
| <b>REVENUES</b>  |                            |                               |                         |                   |   |
| Local Sources  |                            |                               |                         |                   |   |
| Property Tax Levy  | \$ 13,325,539              |                               | \$ 13,325,539           | \$ 13,325,539     |   |
| Interest   | 2,000                      |                               | 2,000                   | 33,662            | \$ 31,662                               |
| Miscellaneous  | 300,000                    | -                             | 300,000                 | 213,319           | (86,681)                                |
| <b>Total Local Sources</b>                               | <u>13,627,539</u>          | <u>-</u>                      | <u>13,627,539</u>       | <u>13,572,520</u> | <u>(55,019)</u>                         |
| State Sources  |                            |                               |                         |                   |   |
| Special Education Aid                                    | 356,516                    |                               | 356,516                 | 356,516           |   |
| Transportation Aid                                       | 92,141                     |                               | 92,141                  | 92,141            |   |
| Security Aid   | 18,800                     |                               | 18,800                  | 18,800            |   |
| Extraordinary Aid  |                            |                               |                         | 210,216           | 210,216                                 |
| On-behalf TPAF Payments (Non-Budget)                     |                            |                               |                         |                   |   |
| Pension Benefit Contribution                             |                            |                               |                         | 920,009           | 920,009                                 |
| Pension NCGI Premium                                     |                            |                               |                         | 16,490            | 16,490                                  |
| Post Retirement Medical Benefits                         |                            |                               |                         | 347,424           | 347,424                                 |
| Long-Term Disability Ins.                                |                            |                               |                         | 396               | 396                                     |
| Reimbursed TPAF Social Security Payments<br>(Non-Budget) | -                          | -                             | -                       | 338,657           | 338,657                                 |
| <b>Total State Sources</b>                               | <u>467,457</u>             | <u>-</u>                      | <u>467,457</u>          | <u>2,300,649</u>  | <u>1,833,192</u>                        |
| <b>Total Revenues</b>                                    | <u>14,094,996</u>          | <u>-</u>                      | <u>14,094,996</u>       | <u>15,873,169</u> | <u>1,778,173</u>                        |
| <b>EXPENDITURES</b>                                      |                            |                               |                         |                   |   |
| Instruction - Regular Programs                           |                            |                               |                         |                   |   |
| Salaries of Teachers                                     |                            |                               |                         |                   |   |
| Grades 9-12  | 3,431,799                  | \$ 145,149                    | 3,576,948               | 3,541,454         | 35,494                                  |
| Regular Program - Home Instruction                       |                            |                               |                         |                   |   |
| Salaries of Teachers                                     | 25,000                     | -                             | 25,000                  | 7,950             | 17,050                                  |
| Purchased Professional - Educational Services            | 17,000                     | -                             | 17,000                  | 8,285             | 8,715                                   |
| Regular Programs - Undistributed Instruction             |                            |                               |                         |                   |   |
| Purchased Technical Services                             |                            | 3,000                         | 3,000                   |                   | 3,000                                   |
| Other Purchased Services                                 | 11,500                     | (3,042)                       | 8,458                   | 2,581             | 5,877                                   |
| General Supplies   | 256,100                    | 41,897                        | 297,997                 | 266,457           | 31,540                                  |
| Textbooks  | 1,500                      | -                             | 1,500                   |                   | 1,500                                   |
| Other Objects  | 5,300                      | -                             | 5,300                   | 1,706             | 3,594                                   |
| <b>Total Regular Programs</b>                            | <u>3,748,199</u>           | <u>187,004</u>                | <u>3,935,203</u>        | <u>3,828,433</u>  | <u>106,770</u>                          |

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

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|----------------|---|
| <b>EXPENDITURES</b>                                   |                            |                               |                         |                |   |
| <b>CURRENT EXPENDITURES (Continued)</b>               |                            |                               |                         |                |   |
| Special Education                                     |                            |                               |                         |                |   |
| Resource Room   |                            |                               |                         |                |   |
| Salaries of Teachers                                  | \$ 290,353                 | \$ 30,675                     | \$ 321,028              | \$ 321,028     |   |
| Other Salaries for Instruction                        | 58,000                     | -                             | 58,000                  | 37,942         | \$ 20,058                               |
| General Supplies                                      | 4,000                      | -                             | 4,000                   |                | 4,000                                   |
| Textbooks   | 1,000                      | -                             | 1,000                   |                | 1,000                                   |
| Other Objects   | 500                        | -                             | 500                     | -              | 500                                     |
| Total Resource Room                                   | <u>353,853</u>             | <u>30,675</u>                 | <u>384,528</u>          | <u>358,970</u> | <u>25,558</u>                           |
| Total Special Education                               | <u>353,853</u>             | <u>30,675</u>                 | <u>384,528</u>          | <u>358,970</u> | <u>25,558</u>                           |
| Basic Skills/Remedial                                 |                            |                               |                         |                |   |
| Salaries of Teachers                                  | <u>60,000</u>              | <u>-</u>                      | <u>60,000</u>           | <u>3,711</u>   | <u>56,289</u>                           |
| Total Basic Skills/Remedial                           | <u>60,000</u>              | <u>-</u>                      | <u>60,000</u>           | <u>3,711</u>   | <u>56,289</u>                           |
| Bilingual Education                                   |                            |                               |                         |                |   |
| Salaries of Teachers                                  | 122,456                    | -                             | 122,456                 | 122,456        |   |
| General Supplies                                      | 2,000                      | -                             | 2,000                   |                | 2,000                                   |
| Textbooks   | 500                        | -                             | 500                     |                | 500                                     |
| Other Objects   | <u>500</u>                 | <u>-</u>                      | <u>500</u>              | <u>-</u>       | <u>500</u>                              |
| Total Bilingual Education                             | <u>125,456</u>             | <u>-</u>                      | <u>125,456</u>          | <u>122,456</u> | <u>3,000</u>                            |
| School Sponsored Co/Extra Curricular Activities       |                            |                               |                         |                |   |
| Salaries  | 52,000                     | 6,319                         | 58,319                  | 56,319         | 2,000                                   |
| Supplies and Materials                                | 6,000                      | 1,912                         | 7,912                   | 7,148          | 764                                     |
| Other Objects   | 1,000                      | -                             | 1,000                   | 761            | 239                                     |
| Transfers to Cover Deficit (Agency Funds)             | <u>3,000</u>               | <u>-</u>                      | <u>3,000</u>            | <u>-</u>       | <u>3,000</u>                            |
| Total School Sponsored Co/Extra Curricular Activities | <u>62,000</u>              | <u>8,231</u>                  | <u>70,231</u>           | <u>64,228</u>  | <u>6,003</u>                            |

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

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|------------------|---|
| <b>EXPENDITURES</b>   |                            |                               |                         |                  |   |
| <b>CURRENT EXPENDITURES (Continued)</b>   |                            |                               |                         |                  |   |
| School Sponsored Athletics  |                            |                               |                         |                  |   |
| Salaries  | \$ 236,540                 | \$ 16,947                     | \$ 253,487              | \$ 232,049       | \$ 21,438                               |
| Purchased Services  | 62,000                     | (1,169)                       | 60,831                  | 39,992           | 20,839                                  |
| Supplies and Materials  | 40,000                     | (7,974)                       | 32,026                  | 30,472           | 1,554                                   |
| Other Objects   | 20,000                     | (5,996)                       | 14,004                  | 9,346            | 4,658                                   |
| Total School Sponsored Athletics  | <u>358,540</u>             | <u>1,808</u>                  | <u>360,348</u>          | <u>311,859</u>   | <u>48,489</u>                           |
| Total Instruction   | <u>4,708,048</u>           | <u>227,718</u>                | <u>4,935,766</u>        | <u>4,689,657</u> | <u>246,109</u>                          |
| Undistributed Expenditures  |                            |                               |                         |                  |   |
| Instruction   |                            |                               |                         |                  |   |
| Tuition to Other LEAs Within the State-Regular                                  | 80,000                     | 4,299                         | 84,299                  |                  | 84,299                                  |
| Tuition to Other LEAs Within the State-Special                                  | 23,000                     | -                             | 23,000                  | 14,566           | 8,434                                   |
| Tuition to County Vocational School - Districts - Regular                       | 531,216                    | (36,599)                      | 494,617                 | 468,168          | 26,449                                  |
| Tuition to County Vocational School - Districts - Special                       | 544,752                    | (91,346)                      | 453,406                 | 396,936          | 56,470                                  |
| Tuition to County Special Services School Districts<br>and Regional Day Schools | 635,708                    | 77,398                        | 713,106                 | 626,318          | 86,788                                  |
| Tuition to APSSD W/I State  | 623,042                    | 115,773                       | 738,815                 | 626,285          | 112,530                                 |
| Tuition - State Facilities  | -                          | -                             | -                       | -                | -                                       |
| Total Undistributed Expenditures -<br>Instruction                               | <u>2,437,718</u>           | <u>69,525</u>                 | <u>2,507,243</u>        | <u>2,132,273</u> | <u>374,970</u>                          |
| Attendance and Social Work Services   |                            |                               |                         |                  |   |
| Salaries  | 70,987                     | 20,327                        | 91,314                  | 91,314           |   |
| Other Purchased Services  | 5,000                      | (4,914)                       | 86                      | -                | 86                                      |
| Total Attendance and Social Work Services                                       | <u>75,987</u>              | <u>15,413</u>                 | <u>91,400</u>           | <u>91,314</u>    | <u>86</u>                               |
| Health Services   |                            |                               |                         |                  |   |
| Salaries  | 68,508                     | 15,984                        | 84,492                  | 84,492           |   |
| Purchased Professional and Technical Services                                   | 39,000                     | 36,175                        | 75,175                  | 66,521           | 8,654                                   |
| Other Purchased Services  | 2,500                      | (2,179)                       | 321                     |                  | 321                                     |
| Supplies and Materials  | 3,500                      | (375)                         | 3,125                   | 2,323            | 802                                     |
| Other Objects   | 400                        | -                             | 400                     | -                | 400                                     |
| Total Health Services   | <u>113,908</u>             | <u>49,605</u>                 | <u>163,513</u>          | <u>153,336</u>   | <u>10,177</u>                           |
| Speech, OT, PT & Related Services   |                            |                               |                         |                  |   |
| Purchased Professional-Educational Services                                     | 145,000                    | 15,905                        | 160,905                 | 146,996          | 13,909                                  |
| Total Speech, OT, PT & Related Services   | <u>145,000</u>             | <u>15,905</u>                 | <u>160,905</u>          | <u>146,996</u>   | <u>13,909</u>                           |
| Other Support Serv. Students- Extra Serv.                                       |                            |                               |                         |                  |   |
| Other Salaries  |                            | 16,200                        | 16,200                  | 15,210           | 990                                     |
| Purchased Professional-Educational Services                                     | 65,000                     | (37,102)                      | 27,898                  | 7,500            | 20,398                                  |
| Total Other Support Serv. Students- Extra Serv.                                 | <u>65,000</u>              | <u>(20,902)</u>               | <u>44,098</u>           | <u>22,710</u>    | <u>21,388</u>                           |

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

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|----------------|---|
| <b>EXPENDITURES</b>                                 |                            |                               |                         |                |   |
| <b>CURRENT EXPENDITURES (Continued)</b>             |                            |                               |                         |                |   |
| Undistributed Expenditures (Continued)              |                            |                               |                         |                |   |
| Guidance  |                            |                               |                         |                |   |
| Salaries of Other Professional Staff                | \$ 379,912                 | \$ 12,022                     | \$ 391,934              | \$ 391,934     |   |
| Salaries of Secretarial and Clerical Assistants     | 48,750                     | 675                           | 49,425                  | 49,425         |   |
| Purchased Professional-Educational Services         | 14,000                     | (7,776)                       | 6,224                   | 6,224          |   |
| Other Purchased Professional and Technical Services | 23,000                     | 1,250                         | 24,250                  | 20,341         | \$ 3,909                                |
| Supplies and Materials                              | 3,000                      | -                             | 3,000                   | 1,600          | 1,400                                   |
| Other Objects                                       | 300                        | -                             | 300                     | 300            | -                                       |
| Total Guidance                                      | <u>468,962</u>             | <u>6,171</u>                  | <u>475,133</u>          | <u>469,824</u> | <u>5,309</u>                            |
| Child Study Teams                                   |                            |                               |                         |                |   |
| Salaries of Secretarial and Clerical Assistants     | 77,000                     | 5,033                         | 82,033                  | 82,033         |   |
| Purchased Professional-Educational Services         | 770,000                    | (68,537)                      | 701,463                 | 680,513        | 20,950                                  |
| Other Purchased Professional and Technical Services | 11,200                     | 9,611                         | 20,811                  | 15,076         | 5,735                                   |
| Supplies and Materials                              | 1,500                      | 572                           | 2,072                   | 2,072          | -                                       |
| Total Child Study Teams                             | <u>859,700</u>             | <u>(53,321)</u>               | <u>806,379</u>          | <u>779,694</u> | <u>26,685</u>                           |
| Improvement of Instructional Services               |                            |                               |                         |                |   |
| Salaries of Supervisors of Instruction              | 24,000                     | 5,300                         | 29,300                  | 29,300         | -                                       |
| Total Improvement of Instructional Services         | <u>24,000</u>              | <u>5,300</u>                  | <u>29,300</u>           | <u>29,300</u>  | <u>-</u>                                |
| Educational Media Services/School Library           |                            |                               |                         |                |   |
| Salaries of Technology Coordinators                 | 225,456                    | 25,001                        | 250,457                 | 250,457        | -                                       |
| Purchased Professional and Technical Services       | 25,000                     | (12,778)                      | 12,222                  | 11,720         | 502                                     |
| Other Purchased Services                            | 3,500                      | -                             | 3,500                   | 3,065          | 435                                     |
| Supplies and Materials                              | 15,000                     | -                             | 15,000                  | 14,837         | 163                                     |
| Other Objects                                       | 1,500                      | -                             | 1,500                   | 1,500          | -                                       |
| Total Educational Media Serv./School Library        | <u>270,456</u>             | <u>12,223</u>                 | <u>282,679</u>          | <u>281,579</u> | <u>1,100</u>                            |
| Instructional Staff Training Services               |                            |                               |                         |                |   |
| Salaries of Other Professional Staff                | 10,000                     | -                             | 10,000                  |                | 10,000                                  |
| Other Purchased Services                            | 15,000                     | -                             | 15,000                  | 7,139          | 7,861                                   |
| Total Instructional Staff Training Services         | <u>25,000</u>              | <u>-</u>                      | <u>25,000</u>           | <u>7,139</u>   | <u>17,861</u>                           |

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

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|-------------------------------|-------------------------|----------------|---|
| <b>EXPENDITURES</b>                                  |                            |                               |                         |                |   |
| <b>CURRENT EXPENDITURES (Continued)</b>              |                            |                               |                         |                |   |
| Undistributed Expenditures (Continued)               |                            |                               |                         |                |   |
| Support Services General Administration              |                            |                               |                         |                |   |
| Salaries   | \$ 261,500                 | \$ 39,534                     | \$ 301,034              | \$ 293,534     | \$ 7,500                                |
| Legal Services                                       | 120,000                    | (39,534)                      | 80,466                  | 70,198         | 10,268                                  |
| Audit Fees   | 72,000                     | 32,600                        | 104,600                 | 41,667         | 62,933                                  |
| Expenditure and Internal Control Audit Fees          | 2,400                      | -                             | 2,400                   | 2,400          |   |
| Purchased Technical Services                         | 700                        | -                             | 700                     |                | 700                                     |
| Communications/Telephone                             | 75,000                     | -                             | 75,000                  | 59,023         | 15,977                                  |
| BOE Other Purchased Services                         | 17,500                     | -                             | 17,500                  | 3,500          | 14,000                                  |
| Misc Purchased Services                              | 114,000                    | (708)                         | 113,292                 | 91,693         | 21,599                                  |
| General Supplies                                     | 7,500                      | 708                           | 8,208                   | 7,709          | 499                                     |
| BOE In-House Training/Meeting Supplies               | 3,000                      | -                             | 3,000                   |                | 3,000                                   |
| Judgments against the School District                | 20,000                     | (18,504)                      | 1,496                   |                | 1,496                                   |
| Miscellaneous Expenditures                           | 13,000                     | -                             | 13,000                  | 8,892          | 4,108                                   |
| BOE Membership Dues and Fees                         | 13,000                     | -                             | 13,000                  | 9,902          | 3,098                                   |
| <b>Total Support Services General Administration</b> | <u>719,600</u>             | <u>14,096</u>                 | <u>733,696</u>          | <u>588,518</u> | <u>145,178</u>                          |
| Support Services School Administration               |                            |                               |                         |                |   |
| Salaries of Principal/Asst. Principals/Prog. Dir.    | 136,000                    | 14,676                        | 150,676                 | 150,676        |   |
| Salaries of Other Professional Staff                 | 21,000                     | (21,000)                      |                         |                |   |
| Salaries of Secretarial and Clerical Assistants      | 44,000                     | 1,622                         | 45,622                  | 45,622         |   |
| Other Purchased Services                             | 6,000                      | (944)                         | 5,056                   | 1,360          | 3,696                                   |
| Supplies and Materials                               | 10,000                     | 293                           | 10,293                  | 9,575          | 718                                     |
| Other Objects  | 5,000                      | -                             | 5,000                   | 4,676          | 324                                     |
| <b>Total Support Services School Administration</b>  | <u>222,000</u>             | <u>(5,353)</u>                | <u>216,647</u>          | <u>211,909</u> | <u>4,738</u>                            |
| Central Services                                     |                            |                               |                         |                |   |
| Salaries   | 260,448                    | 12,146                        | 272,594                 | 272,594        |   |
| Purchased Professional Services                      | 12,000                     | (827)                         | 11,173                  | 11,173         |   |
| Miscellaneous Purchased Services                     | 7,000                      | (5,000)                       | 2,000                   | 1,650          | 350                                     |
| Supplies and Materials                               | 5,000                      | (672)                         | 4,328                   | 3,326          | 1,002                                   |
| Miscellaneous Expenditures                           | 1,500                      | -                             | 1,500                   | -              | 1,500                                   |
| <b>Total Central Services</b>                        | <u>285,948</u>             | <u>5,647</u>                  | <u>291,595</u>          | <u>288,743</u> | <u>2,852</u>                            |
| Admin. Info. Technology                              |                            |                               |                         |                |   |
| Purchased Professional Services                      | 7,000                      | (4,255)                       | 2,745                   | 2,060          | 685                                     |
| Purchased Technical Services                         | 27,000                     | 4,255                         | 31,255                  | 31,255         | -                                       |
| <b>Total Admin. Info. Technology</b>                 | <u>34,000</u>              | <u>-</u>                      | <u>34,000</u>           | <u>33,315</u>  | <u>685</u>                              |
| Required Maintenance for School Facilities           |                            |                               |                         |                |   |
| Salaries   | 174,884                    | 4,660                         | 179,544                 | 179,544        |   |
| Cleaning, Repair and Maint. Serv.                    | 255,000                    | 26,101                        | 281,101                 | 202,359        | 78,742                                  |
| General Supplies                                     | 40,000                     | 9,616                         | 49,616                  | 48,057         | 1,559                                   |
| Other Objects  | 3,000                      | 1,158                         | 4,158                   | 2,202          | 1,956                                   |
| <b>Total Required Maintenance for School Fac.</b>    | <u>472,884</u>             | <u>41,535</u>                 | <u>514,419</u>          | <u>432,162</u> | <u>82,257</u>                           |

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

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final To<br/>Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|------------------|---|
| <b>EXPENDITURES</b>   |                            |                               |                         |                  |   |
| <b>CURRENT EXPENDITURES (Continued)</b>                                   |                            |                               |                         |                  |   |
| Undistributed Expenditures (Continued)                                    |                            |                               |                         |                  |   |
| Custodial Services  |                            |                               |                         |                  |   |
| Salaries  | \$ 321,678                 | \$ -                          | \$ 321,678              | \$ 262,433       | \$ 59,245                               |
| Cleaning, Repair and Maint. Serv.   | 7,000                      | -                             | 7,000                   | 6,494            | 506                                     |
| Rental of Land & Building Other than Lease Purchase Agree.                | 110,000                    | -                             | 110,000                 | 110,000          |   |
| Other Purchased Property Services   | 25,000                     | -                             | 25,000                  | 20,415           | 4,585                                   |
| Insurance   | 130,000                    | -                             | 130,000                 | 129,638          | 362                                     |
| Miscellaneous Purchased Services  | 700                        | -                             | 700                     |                  | 700                                     |
| General Supplies  | 25,000                     | -                             | 25,000                  |                  | 25,000                                  |
| Energy (Natural Gas)  | 166,215                    | -                             | 166,215                 | 55,308           | 110,907                                 |
| Energy (Electricity)  | 175,000                    | -                             | 175,000                 | 167,435          | 7,565                                   |
|   | <u>960,593</u>             | <u>-</u>                      | <u>960,593</u>          | <u>751,723</u>   | <u>208,870</u>                          |
| Care and Upkeep of Grounds  |                            |                               |                         |                  |   |
| Purchased Professional and Technical Services                             | 15,000                     | -                             | 15,000                  | 1,918            | 13,082                                  |
| Cleaning, Repair and Maint. Serv.   | 20,000                     | -                             | 20,000                  |                  | 20,000                                  |
| General Supplies  | 400                        | -                             | 400                     |                  | 400                                     |
| Other Objects   | 100                        | -                             | 100                     | -                | 100                                     |
|   | <u>35,500</u>              | <u>-</u>                      | <u>35,500</u>           | <u>1,918</u>     | <u>33,582</u>                           |
| Student Transportation Services   |                            |                               |                         |                  |   |
| Salaries for Pupil Transportation<br>( Between Home and School)- Regular  | 25,000                     | 26,578                        | 51,578                  | 51,578           |   |
| Salaries for Pupil Transportation<br>( Between Home and School)- Spec. Ed | 77,000                     | (22,231)                      | 54,769                  | 53,846           | 923                                     |
| Salaries for Pupil Transportation<br>(Other Than Between Home and School) | 50,000                     | -                             | 50,000                  | 3,232            | 46,768                                  |
| Cleaning, Repair and Maint. Serv.   | 30,000                     | 12,709                        | 42,709                  | 42,709           | -                                       |
| Contract. Svcs. Aid in Lieu Payments - Charter School                     | 8,000                      | -                             | 8,000                   | 2,001            | 5,999                                   |
| Contract. Svcs. (Bet. Home & Sch) - Vendors                               | 11,177                     | (2,484)                       | 8,693                   | 2,778            | 5,915                                   |
| Contract. Svcs.(Bet. Home & Sch)- Joint Agrmts                            | 20,000                     | -                             | 20,000                  | 10,434           | 9,566                                   |
| Contract. Svcs.(Spec Ed. Students)- Joint Agrmts                          | 400,000                    | 7,940                         | 407,940                 | 377,031          | 30,909                                  |
| Miscellaneous Purchased Services - Transportation                         | 15,000                     | (9,325)                       | 5,675                   |                  | 5,675                                   |
| General Supplies  | 26,000                     | (11,074)                      | 14,926                  | 3,869            | 11,057                                  |
| Transportation Supplies   | 15,000                     | (250)                         | 14,750                  | 11,135           | 3,615                                   |
| Other Objects   | 700                        | -                             | 700                     | 675              | 25                                      |
|   | <u>677,877</u>             | <u>1,863</u>                  | <u>679,740</u>          | <u>559,288</u>   | <u>120,452</u>                          |
| Unallocated Benefits - Employee Benefits                                  |                            |                               |                         |                  |   |
| Social Security Contributions   | 135,000                    | 10,000                        | 145,000                 | 127,584          | 17,416                                  |
| Other Retirement Contributions-PERS                                       | 125,000                    | 9,906                         | 134,906                 | 127,474          | 7,432                                   |
| Other Retirement Contributions-Regular                                    | 8,000                      | -                             | 8,000                   |                  | 8,000                                   |
| Unemployment Compensation   | 22,000                     | 2,000                         | 24,000                  | 18,683           | 5,317                                   |
| Workmen's Compensation  | 91,000                     | -                             | 91,000                  | 70,071           | 20,929                                  |
| Health Benefits   | 1,655,022                  | (282,399)                     | 1,372,623               | 1,231,217        | 141,406                                 |
| Tuition Reimbursement   | 30,000                     | -                             | 30,000                  | 5,318            | 24,682                                  |
| Unused Sick Payment to Terminated/Retired Staff                           | 21,000                     | -                             | 21,000                  |                  | 21,000                                  |
| Other Employee Benefits   | 10,000                     | -                             | 10,000                  | 5,354            | 4,646                                   |
|   | <u>2,097,022</u>           | <u>(260,493)</u>              | <u>1,836,529</u>        | <u>1,585,701</u> | <u>250,828</u>                          |



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

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|-------------------------------|-------------------------|---------------|---|
| <b>EXPENDITURES</b>  |                            |                               |                         |               |   |
| <b>CURRENT EXPENDITURES (Continued)</b>                      |                            |                               |                         |               |   |
| On-behalf TPAF Payments - (Non-Budget)                       |                            |                               |                         |               |   |
| Pension Benefit Contribution                                 |                            |                               |                         | \$ 920,009    | \$ (920,009)                            |
| Pension NCGI Premium   |                            |                               |                         | 16,490        | (16,490)                                |
| Post Retirement Medical Benefits                             |                            |                               |                         | 347,424       | (347,424)                               |
| Long Term Disability Insurance                               |                            |                               |                         | 396           | (396)                                   |
| Reimbursed TPAF Social Security Payments<br>(Non-Budget)     | -                          | -                             | -                       | 338,657       | (338,657)                               |
| Total On-Behalf and Reimbursed Payments                      | -                          | -                             | -                       | 1,622,976     | (1,622,976)                             |
| Interest on Maintenance Reserve                              | \$ 1,000                   | -                             | \$ 1,000                | -             | 1,000                                   |
| Total Undistributed Expenditures                             | 9,992,155                  | \$ (102,786)                  | 9,889,369               | 10,190,418    | (301,049)                               |
| Total Expenditures - Current Expenditures                    | 14,700,203                 | 124,932                       | 14,825,135              | 14,880,075    | (54,940)                                |
| <b>CAPITAL OUTLAY</b>  |                            |                               |                         |               |   |
| Facilities Acquisition and Construction Services             |                            |                               |                         |               |   |
| Construction Services  | -                          | 259,641                       | 259,641                 | 259,325       | 316                                     |
| Total Facilities Acquisition and Construction Services       | -                          | 259,641                       | 259,641                 | 259,325       | 316                                     |
| Interest on Capital Reserve                                  | 1,000                      | -                             | 1,000                   | -             | 1,000                                   |
| Total Capital Outlay   | 1,000                      | 259,641                       | 260,641                 | 259,325       | 1,316                                   |
| Transfers of Funds to Charter Schools                        | 85,449                     | 3,058                         | 88,507                  | 88,507        | -                                       |
| Total Expenditures   | 14,786,652                 | 387,631                       | 15,174,283              | 15,227,907    | (53,624)                                |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures | (691,656)                  | (387,631)                     | (1,079,287)             | 645,262       | 1,724,549                               |
| Other Financing Sources (Uses)                               |                            |                               |                         |               |   |
| Transfer Out - Food Service Fund                             | (5,000)                    | -                             | (5,000)                 | -             | 5,000                                   |
| Total Other Financing Sources (Uses)                         | (5,000)                    | -                             | (5,000)                 | -             | 5,000                                   |

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

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|-------------------------------|-------------------------|---------------------|---|
| <b>EXPENDITURES</b>  |                            |                               |                         |                     |   |
| <b>CURRENT EXPENDITURES (Continued)</b>  |                            |                               |                         |                     |   |
| Excess (Deficiency) of Revenues Over/(Under)<br>Expenditures and Other Financing Sources | \$ (696,656)               | \$ (387,631)                  | \$ (1,084,287)          | \$ 645,262          | \$ 1,729,549                            |
| Fund Balance, Beginning of Year  | <u>3,776,565</u>           | <u>-</u>                      | <u>3,776,565</u>        | <u>3,776,565</u>    | <u>-</u>                                |
| Fund Balance, End of Year  | <u>\$ 3,079,909</u>        | <u>\$ (387,631)</u>           | <u>\$ 2,692,278</u>     | <u>\$ 4,421,827</u> | <u>\$ 1,729,549</u>                     |
| <b>Recapitulation of Fund Balance</b>  |                            |                               |                         |                     |   |
| <b>Restricted</b>  |                            |                               |                         |                     |   |
| Capital Reserve  |                            |                               |                         | \$ 1,807,592        |   |
| Maintenance Reserve  |                            |                               |                         | 585,000             |   |
| Maintenance Reserve - Designated for Subsequent Year's Expenditures                      |                            |                               |                         | 165,000             |   |
| Excess Surplus   |                            |                               |                         | 592,828             |   |
| Excess Surplus - Designated for Subsequent Year's Expenditures                           |                            |                               |                         | 600,000             |   |
| <b>Assigned</b>  |                            |                               |                         |                     |   |
| Year-End Encumbrances  |                            |                               |                         | 49,101              |   |
| Designated for Subsequent Year's Expenditures  |                            |                               |                         | 139,991             |   |
| <b>Unassigned</b>  |                            |                               |                         | <u>482,315</u>      |   |
| Reconciliation to Governmental Funds Statements (GAAP):                                  |                            |                               |                         | 4,421,827           |   |
| Less: State Aid Payments not Recognized on GAAP Basis                                    |                            |                               |                         | <u>(210,216)</u>    |   |
| Fund Balance Per Governmental Funds (GAAP)   |                            |                               |                         | <u>\$ 4,211,611</u> |   |

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET (NON-GAAP) AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-------------------------------|-------------------------|----------------|-------------------------------------|
| <b>REVENUES</b>  |                            |                               |                         |                |                                     |
| Intergovernmental  |                            |                               |                         |                |                                     |
| Local  |                            | \$ 159,818                    | \$ 159,818              | \$ 92,128      | \$ (67,690)                         |
| Federal  | \$ 159,000                 | 103,657                       | 262,657                 | 208,046        | (54,611)                            |
| Total Revenues   | <u>159,000</u>             | <u>263,475</u>                | <u>422,475</u>          | <u>300,174</u> | <u>(122,301)</u>                    |
| <b>EXPENDITURES</b>  |                            |                               |                         |                |                                     |
| Instruction  |                            |                               |                         |                |                                     |
| Salaries of Teachers   | 55,000                     | (4,315)                       | 50,685                  | 50,685         | -                                   |
| Other Purchased Services                                     | 100,000                    | 18,368                        | 118,368                 | 116,624        | 1,744                               |
| General Supplies   | -                          | 159,317                       | 159,317                 | 92,128         | 67,189                              |
| Total Instruction  | <u>155,000</u>             | <u>173,370</u>                | <u>328,370</u>          | <u>259,437</u> | <u>68,933</u>                       |
| Support Services   |                            |                               |                         |                |                                     |
| Personal Services-Employee Benefits                          |                            | 17,739                        | 17,739                  | 17,739         | -                                   |
| Purchase Professional Educational Services                   | 4,000                      | 6,963                         | 10,963                  | 8,019          | 2,944                               |
| General Supplies   | -                          | 65,403                        | 65,403                  | 14,979         | 50,424                              |
| Total Support Services                                       | <u>4,000</u>               | <u>90,105</u>                 | <u>94,105</u>           | <u>40,737</u>  | <u>53,368</u>                       |
| Facilities Acquisition and Construction Services:            |                            |                               |                         |                |                                     |
| Instructional Equipment                                      | -                          | -                             | -                       | -              | -                                   |
| Total Facilities Acquisition and Construction Services       | <u>-</u>                   | <u>-</u>                      | <u>-</u>                | <u>-</u>       | <u>-</u>                            |
| Total Expenditures   | <u>159,000</u>             | <u>263,475</u>                | <u>422,475</u>          | <u>300,174</u> | <u>122,301</u>                      |
| Excess (Deficiency) of Revenues<br>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>                         |

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

|   |       | <b>General<br/>Fund</b> |       | <b>Special<br/>Revenue<br/>Fund</b> |
|---|-------|-------------------------|-------|-------------------------------------|
| <b>Sources/inflows of resources</b>   |       |                         |       |                                     |
| Actual amounts (budgetary basis) "revenue"  |       |                         |       |                                     |
| from the budgetary comparison schedule  | (C-1) | \$ 15,873,169           | (C-2) | \$ 300,174                          |
| Difference - Budget to GAAP:  |       |                         |       |                                     |
| Encumbrances for supplies and equipment ordered but not yet received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. |       |                         |       |                                     |
| Encumbrances, June 30, 2019   |       |                         |       | 106,379                             |
| Encumbrances, June 30, 2020   |       |                         |       | (2,902)                             |
| State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2018/2019 State Aid)  |       | 151,359                 |       |                                     |
| State Aid payments recognized for Budgetary purposes, not recognized for GAAP statements (2019/2020 State Aid)  |       | <u>(210,216)</u>        |       | <u>-</u>                            |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.  | (B-2) | <u>\$ 15,814,312</u>    | (B-2) | <u>\$ 403,651</u>                   |
| <b>Uses/outflows of resources</b>   |       |                         |       |                                     |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule  | (C-1) | \$ 15,227,907           | (C-2) | \$ 300,174                          |
| Difference - Budget to GAAP:  |       |                         |       |                                     |
| Encumbrances for supplies and equipment ordered but not yet received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. |       |                         |       |                                     |
| Encumbrances, June 30, 2019   |       |                         |       | 106,379                             |
| Encumbrances, June 30, 2020   |       | <u>-</u>                |       | <u>(2,902)</u>                      |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  | (B-2) | <u>\$ 15,227,907</u>    | (B-2) | <u>\$ 403,651</u>                   |

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION  
AND  
POST-EMPLOYMENT BENEFITS INFORMATION**

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

**Public Employees Retirement System**

**Last 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)   | 0.01230      | % | 0.01282      | % | 0.01199      | % | 0.01188      | % | 0.01274      | % | 0.01283      | % | 0.01255      | % |
| District's Proportionate Share of the Net Pension Liability (Asset)   | \$ 2,215,611 |   | \$ 2,524,143 |   | \$ 2,791,569 |   | \$ 3,518,208 |   | \$ 2,859,017 |   | \$ 2,402,589 |   | \$ 2,398,182 |   |
| District's Covered-Employee Payroll   | \$ 862,646   |   | \$ 930,046   |   | \$ 883,124   |   | \$ 799,117   |   | \$ 827,948   |   | \$ 870,268   |   | \$ 881,888   |   |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 256.84       | % | 271.40       | % | 316.10       | % | 440.26       | % | 345.31       | % | 276.07       | % | 271.94       | % |
| 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 EAST RUTHERFORD REGIONAL 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                                  | \$ 119,609     | \$ 127,515     | \$ 111,094     | \$ 105,531     | \$ 109,497     | \$ 105,789     | \$ 96,047     |
| Contributions in Relation to the Contractually Required Contribution | <u>119,609</u> | <u>127,515</u> | <u>111,094</u> | <u>105,531</u> | <u>109,497</u> | <u>105,789</u> | <u>96,047</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>   |
| District's Covered-Employee Payroll                                  | \$ 895,800     | \$ 862,646     | \$ 930,046     | \$ 883,124     | \$ 799,117     | \$ 827,948     | \$ 870,268    |
| Contributions as a Percentage of Covered-Employee Payroll            | \$ 13.35 %     | \$ 14.78 %     | \$ 11.95 %     | \$ 11.95 %     | \$ 13.70 %     | \$ 12.78 %     | \$ 11.04 %    |

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



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

**Teachers Pension and Annuity Fund**

**Last 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)  | 0.00                 | % | 0.00                 | % | 0.00                 | % | 0.00                 | % | 0.00                 | % | 0.00                 | % | 0.00                 | % |
| District's Proportionate Share of the Net Pension Liability (Asset)  | -                    |   | -                    |   | -                    |   | -                    |   | -                    |   | -                    |   | -                    |   |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District              | <u>\$ 25,297,832</u> |   | <u>\$ 26,635,227</u> |   | <u>\$ 28,738,398</u> |   | <u>\$ 34,000,640</u> |   | <u>\$ 26,537,917</u> |   | <u>\$ 23,989,774</u> |   | <u>\$ 22,444,712</u> |   |
| <b>Total</b>   | <u>\$ 25,297,832</u> |   | <u>\$ 26,635,227</u> |   | <u>\$ 28,738,398</u> |   | <u>\$ 34,000,640</u> |   | <u>\$ 26,537,917</u> |   | <u>\$ 23,989,774</u> |   | <u>\$ 22,444,712</u> |   |
| District's Covered Payroll   | \$ 4,631,021         |   | \$ 4,494,641         |   | \$ 4,277,660         |   | \$ 4,364,263         |   | \$ 4,276,160         |   | \$ 4,332,959         |   | \$ 4,228,545         |   |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 0.00                 | % | 0.00                 | % | 0.00                 | % | 0.00                 | % | 0.00                 | % | 0.00                 | % | 0.00                 | % |
| 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 EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 4D.

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

**Postemployment Health Benefit Plan**

**Last Three Fiscal Years\***

|   | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
|---|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>   |                      |                      |                      |
| Service Cost  | \$ 486,232           | \$ 589,348           | \$ 701,824           |
| Interest on Total OPEB Liability  | 623,597              | 699,058              | 608,955              |
| Differences Between Expected and Actual Experience  | (2,789,784)          | (2,369,608)          |                      |
| Changes of Assumptions  | 207,931              | (1,816,929)          | (2,528,669)          |
| Gross Benefit Payments  | (428,091)            | (423,372)            | (378,726)            |
| Contribution from the Member  | <u>12,690</u>        | <u>14,632</u>        | <u>13,946</u>        |
| <b>Net Change in Total OPEB Liability</b>   | (1,887,425)          | (3,306,871)          | (1,582,670)          |
| <b>Total OPEB Liability - Beginning</b>   | <u>15,833,114</u>    | <u>19,139,985</u>    | <u>20,722,655</u>    |
| <b>Total OPEB Liability - Ending</b>  | <u>\$ 13,945,689</u> | <u>\$ 15,833,114</u> | <u>\$ 19,139,985</u> |
| <br>  |                      |                      |                      |
| District's Proportionate Share of OPEB Liability  | \$ -                 | \$ -                 | \$ -                 |
| State's Proportionate Share of OPEB Liability   | <u>13,945,689</u>    | <u>15,833,114</u>    | <u>19,139,985</u>    |
| <b>Total OPEB Liability - Ending</b>  | <u>\$ 13,945,689</u> | <u>\$ 15,833,114</u> | <u>\$ 19,139,985</u> |
| <br>  |                      |                      |                      |
| District's Covered Payroll  | <u>\$ 5,493,667</u>  | <u>\$ 5,424,687</u>  | <u>\$ 5,160,784</u>  |
| <br>  |                      |                      |                      |
| District's Proportionate Share of the<br>Total OPEB Liability as a Percentage of its<br>Covered 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

|  | <b>IDEIA<br/>Part B<br/>Basic</b> | <b>Title I<br/>Part A</b> | <b>Title II<br/>Part A</b> | <b>Title IV</b>  | <b>CARES<br/>Emergency<br/>Relief Grant</b> | <b>Local<br/>Donations</b> | <b>Total</b>      |
|--|-----------------------------------|---------------------------|----------------------------|------------------|---|----------------------------|-------------------|
| <b>REVENUES</b>  |                                   |                           |                            |                  |   |                            |                   |
| Intergovernmental                                      |                                   |                           |                            |                  |   |                            |                   |
| Local  |                                   |                           |                            |                  |   | \$ 92,128                  | \$ 92,128         |
| Federal  | \$ 116,624                        | \$ 68,424                 | \$ 8,019                   | \$ 10,000        | \$ 4,979                                    | -                          | 208,046           |
| Total Revenues   | <u>\$ 116,624</u>                 | <u>\$ 68,424</u>          | <u>\$ 8,019</u>            | <u>\$ 10,000</u> | <u>\$ 4,979</u>                             | <u>\$ 92,128</u>           | <u>\$ 300,174</u> |
| <b>EXPENDITURES</b>                                    |                                   |                           |                            |                  |   |                            |                   |
| Instruction  |                                   |                           |                            |                  |   |                            |                   |
| Salaries of Teachers                                   |                                   | \$ 50,685                 |                            |                  |   |                            | \$ 50,685         |
| Other Purchased Services                               | \$ 116,624                        |                           |                            |                  |   |                            | 116,624           |
| General Supplies                                       | -                                 | -                         | -                          | -                | -   | \$ 92,128                  | 92,128            |
| Total Instruction                                      | <u>116,624</u>                    | <u>50,685</u>             | <u>-</u>                   | <u>-</u>         | <u>-</u>                                    | <u>92,128</u>              | <u>259,437</u>    |
| Support Services                                       |                                   |                           |                            |                  |   |                            |                   |
| Personal Services - Employee Benefits                  |                                   | 17,739                    |                            |                  |   |                            | 17,739            |
| Purchase Professional Educational Service              |                                   |                           | \$ 8,019                   |                  |   |                            | 8,019             |
| General Supplies                                       | -                                 | -                         | -                          | \$ 10,000        | \$ 4,979                                    | -                          | 14,979            |
| Total Support Services                                 | <u>-</u>                          | <u>17,739</u>             | <u>8,019</u>               | <u>10,000</u>    | <u>4,979</u>                                | <u>-</u>                   | <u>40,737</u>     |
| Facilities Acquisition and Construction Services:      |                                   |                           |                            |                  |   |                            |                   |
| Instructional Equipment                                | -                                 | -                         | -                          | -                | -   | -                          | -                 |
| Total Facilities Acquisition and Construction Services | <u>-</u>                          | <u>-</u>                  | <u>-</u>                   | <u>-</u>         | <u>-</u>                                    | <u>-</u>                   | <u>-</u>          |
| Total Expenditures                                     | <u>\$ 116,624</u>                 | <u>\$ 68,424</u>          | <u>\$ 8,019</u>            | <u>\$ 10,000</u> | <u>\$ 4,979</u>                             | <u>\$ 92,128</u>           | <u>\$ 300,174</u> |

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**



**CAPITAL PROJECTS FUND**

**EXHIBIT F-1**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**EXHIBIT F-2**

**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**

**EXHIBIT F-2A**

**CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**EXHIBIT G-1**

**CARLSTADT-EAST RUTHERFORD REGIONAL 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**

**AGENCY FUNDS**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
AGENCY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2020**

|                                     | <u>Student<br/>Activities</u> | <u>Agency<br/>Funds</u> | <u>Totals</u>    |
|-------------------------------------|-------------------------------|-------------------------|------------------|
| <b>ASSETS</b>                       |                               |                         |                  |
| Cash and Cash Equivalents           | \$ 47,274                     | \$ 20,013               | \$ 67,287        |
| Due from Other Funds                | <u>-</u>                      | <u>2,077</u>            | <u>2,077</u>     |
| Total Assets                        | <u>\$ 47,274</u>              | <u>\$ 22,090</u>        | <u>\$ 69,364</u> |
| <b>LIABILITIES</b>                  |                               |                         |                  |
| Accrued Salaries and Wages          |                               | \$ 636                  | \$ 636           |
| Payroll Deductions and Withholdings |                               | 21,454                  | 21,454           |
| Due to Student Groups               | <u>\$ 47,274</u>              | <u>-</u>                | <u>47,274</u>    |
| Total Liabilities                   | <u>\$ 47,274</u>              | <u>\$ 22,090</u>        | <u>\$ 69,364</u> |

**CARLSTADT-EAST RUTHERFORD REGIONAL 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

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

|                                  | <u>Balance,<br/>July 1, 2019</u> | <u>Receipts</u>   | <u>Disbursements</u> | <u>Balance,<br/>June 30, 2020</u> |
|----------------------------------|----------------------------------|-------------------|----------------------|-----------------------------------|
| SENIOR HIGH SCHOOL               |                                  |                   |                      |                                   |
| H.P. Becton Regional High School | \$ 30,053                        | \$ 108,750        | \$ 93,059            | \$ 45,744                         |
| ATHLETICS                        |                                  |                   |                      |                                   |
| H.P. Becton Regional High School | <u>34</u>                        | <u>30,144</u>     | <u>28,648</u>        | <u>1,530</u>                      |
| Total                            | <u>\$ 30,087</u>                 | <u>\$ 138,894</u> | <u>\$ 121,707</u>    | <u>\$ 47,274</u>                  |

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

|                                     | <u>Balance,</u><br><u>July 1,</u><br><u>2019</u> | <u>Additions</u>        | <u>Deletions</u>        | <u>Balance,</u><br><u>June 30,</u><br><u>2020</u> |
|-------------------------------------|--|-------------------------|-------------------------|---|
| <b>ASSETS</b>                       |  |                         |                         |   |
| Cash                                | \$ 20,044  | \$ 7,420,596            | \$ 7,420,627            | \$ 20,013   |
| Cash with Fiscal Agent              | -  | 3,100                   | 3,100                   | -   |
| Due from Other Funds                | <u>2,077</u>                                     | <u>486,054</u>          | <u>486,054</u>          | <u>2,077</u>                                      |
| <br>Total Assets                    | <br><u>\$ 22,121</u>                             | <br><u>\$ 7,909,750</u> | <br><u>\$ 7,909,781</u> | <br><u>\$ 22,090</u>                              |
| <b>LIABILITIES</b>                  |  |                         |                         |   |
| Accrued Salaries and Wages          | \$ 3,390   | \$ 3,963,672            | \$ 3,966,426            | \$ 636  |
| Payroll Deductions and Withholdings | 18,731   | 3,455,833               | 3,453,110               | 21,454  |
| Due to Other Funds                  |  | 1,091                   | 1,091                   |   |
| Flexible Spending Deposits          | <u>-</u>   | <u>3,100</u>            | <u>3,100</u>            | <u>-</u>  |
| <br>Total Liabilities               | <br><u>\$ 22,121</u>                             | <br><u>\$ 7,423,696</u> | <br><u>\$ 7,423,727</u> | <br><u>\$ 22,090</u>                              |



## **LONG-TERM DEBT**

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

| <u>Purpose</u>         | <u>Original<br/>Amount</u> | <u>Interest</u> | <u>Balance,<br/>July 1, 2019</u> | <u>Retired</u>   | <u>Balance,<br/>June 30, 2020</u> |
|------------------------|----------------------------|-----------------|----------------------------------|------------------|-----------------------------------|
| Copier-2014            | \$ 13,787                  | 4.22%           | \$ 1,061                         | \$ 1,061         |                                   |
| Copier-2018            | 59,894                     | 0.00%           | 44,898                           | 11,973           | \$ 32,925                         |
| Postage Machine - 2019 | 18,582                     | 0.00%           | <u>15,043</u>                    | <u>3,540</u>     | <u>11,503</u>                     |
|                        |                            |                 | <u>\$ 61,002</u>                 | <u>\$ 16,574</u> | <u>\$ 44,428</u>                  |

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

|  | Fiscal Year Ended June 30, |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2011                       | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
| <b>Governmental activities</b>                     |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in capital assets                   | \$ 3,758,554               | \$ 7,076,552         | \$ 17,574,904        | \$ 26,500,315        | \$ 28,171,002        | \$ 27,788,325        | \$ 27,919,956        | \$ 27,308,026        | \$ 27,045,943        | \$ 26,339,419        |
| Restricted   | 3,590,352                  | 2,982,122            | 3,117,350            | 2,151,663            | 1,599,992            | 1,502,566            | 2,230,769            | 2,324,344            | 1,656,554            | 2,557,592            |
| Unrestricted                                       | 117,776                    | 1,188,512            | 1,207,239            | (1,205,715)          | (1,401,461)          | (1,211,729)          | (1,396,155)          | (1,428,897)          | (920,327)            | (1,223,970)          |
| <b>Total governmental activities net position</b>  | <u>\$ 7,466,682</u>        | <u>\$ 11,247,186</u> | <u>\$ 21,899,493</u> | <u>\$ 27,446,263</u> | <u>\$ 28,369,533</u> | <u>\$ 28,079,162</u> | <u>\$ 28,754,570</u> | <u>\$ 28,203,473</u> | <u>\$ 27,782,170</u> | <u>\$ 27,673,041</u> |
| <b>Business-type activities</b>                    |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in capital assets                   | \$ 58,969                  | \$ 49,766            | \$ 40,567            | \$ 31,871            | \$ 23,437            | \$ 31,553            | \$ 23,634            | \$ 26,669            | \$ 26,841            | \$ 19,981            |
| Unrestricted                                       | 50,191                     | 81,118               | 89,708               | 89,800               | 81,897               | 55,062               | 61,636               | 90,610               | 108,974              | 101,171              |
| <b>Total business-type activities net position</b> | <u>\$ 109,160</u>          | <u>\$ 130,884</u>    | <u>\$ 130,275</u>    | <u>\$ 121,671</u>    | <u>\$ 105,334</u>    | <u>\$ 86,615</u>     | <u>\$ 85,270</u>     | <u>\$ 117,279</u>    | <u>\$ 135,815</u>    | <u>\$ 121,152</u>    |
| <b>District-wide</b>                               |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in capital assets                   | \$ 3,817,523               | \$ 7,126,318         | \$ 17,615,471        | \$ 26,532,186        | \$ 28,194,439        | \$ 27,819,878        | \$ 27,943,590        | \$ 27,334,695        | \$ 27,072,784        | \$ 26,359,400        |
| Restricted   | 3,590,352                  | 2,982,122            | 3,117,350            | 2,151,663            | 1,599,992            | 1,502,566            | 2,230,769            | 2,324,344            | 1,656,554            | 2,557,592            |
| Unrestricted                                       | 167,967                    | 1,269,630            | 1,296,947            | (1,115,915)          | (1,319,564)          | (1,156,667)          | (1,334,519)          | (1,338,287)          | (811,353)            | (1,122,799)          |
| <b>Total district net position</b>                 | <u>\$ 7,575,842</u>        | <u>\$ 11,378,070</u> | <u>\$ 22,029,768</u> | <u>\$ 27,567,934</u> | <u>\$ 28,474,867</u> | <u>\$ 28,165,777</u> | <u>\$ 28,839,840</u> | <u>\$ 28,320,752</u> | <u>\$ 27,917,985</u> | <u>\$ 27,794,193</u> |

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

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

|  | Fiscal Year Ended June 30, |                       |                      |                       |                        |                        |                        |                        |                        |                        |
|--|----------------------------|-----------------------|----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | 2011                       | 2012                  | 2013                 | 2014                  | 2015                   | 2016                   | 2017                   | 2018                   | 2019                   | 2020                   |
| <b>Expenses</b>  |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| <b>Governmental activities</b>                         |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| <b>Instruction</b>                                     |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| Regular  | \$ 4,742,803               | \$ 4,746,730          | \$ 4,889,373         | \$ 5,033,334          | \$ 5,722,852           | \$ 6,426,622           | \$ 7,247,684           | \$ 7,046,759           | \$ 6,566,836           | \$ 6,596,295           |
| Special Education                                      | 490,950                    | 2,642,019             | 2,746,559            | 2,764,697             | 3,243,691              | 3,153,436              | 3,000,119              | 2,890,090              | 2,921,703              | 2,338,262              |
| Other Instruction                                      | 256,703                    | 298,380               | 229,418              | 172,315               | 197,667                | 208,184                | 230,325                | 232,880                | 193,892                | 199,426                |
| School Sponsored Activities and Athletics              | 407,558                    | 422,891               | 431,944              | 427,761               | 431,300                | 453,105                | 477,660                | 517,132                | 474,879                | 468,509                |
| <b>Support Services:</b>                               |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| Tuition  | 2,014,707                  |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| Student & Instruction Related Services                 | 1,317,623                  | 1,484,121             | 1,483,275            | 1,553,049             | 1,644,704              | 1,646,036              | 1,951,656              | 2,361,810              | 2,365,614              | 2,519,827              |
| General Administration Services                        | 483,706                    | 571,735               | 449,838              | 461,320               | 540,825                | 721,154                | 706,275                | 731,486                | 584,517                | 726,549                |
| School Administrative Services                         | 262,081                    | 215,687               | 248,362              | 271,174               | 352,560                | 319,612                | 408,947                | 382,769                | 368,582                | 313,510                |
| Central Services and Info. Technology                  | 455,205                    | 498,036               | 537,923              | 507,443               | 578,771                | 605,589                | 602,211                | 628,373                | 480,505                | 467,530                |
| Plant Operations and Maintenance                       | 1,154,155                  | 1,159,180             | 1,238,024            | 1,375,347             | 1,713,511              | 2,003,097              | 1,556,962              | 2,416,386              | 2,528,182              | 2,396,539              |
| Pupil Transportation                                   | 450,174                    | 362,068               | 469,164              | 508,110               | 564,270                | 617,235                | 655,194                | 662,114                | 695,835                | 601,812                |
| Interest on Long-Term Debt                             | 3,346                      | 1,931                 | 504                  | 14,602                | 18,575                 | 12,022                 | 5,037                  | 2,882                  | 174                    | 14                     |
| Unallocated Depreciation                               | 174,182                    |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| <b>Total governmental activities expenses</b>          | <u>12,213,193</u>          | <u>12,402,778</u>     | <u>12,724,384</u>    | <u>13,089,152</u>     | <u>15,008,726</u>      | <u>16,166,092</u>      | <u>16,842,070</u>      | <u>17,872,681</u>      | <u>17,180,719</u>      | <u>16,628,273</u>      |
| <b>Business-type activities:</b>                       |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| Food service   | 488,913                    | 556,895               | 481,547              | 504,397               | 698,665                | 747,239                | 507,928                | 510,074                | 535,376                | 485,751                |
| <b>Total business-type activities expense</b>          | <u>488,913</u>             | <u>556,895</u>        | <u>481,547</u>       | <u>504,397</u>        | <u>698,665</u>         | <u>747,239</u>         | <u>507,928</u>         | <u>510,074</u>         | <u>535,376</u>         | <u>485,751</u>         |
| <b>Total district expenses</b>                         | <u>\$ 12,702,106</u>       | <u>\$ 12,959,673</u>  | <u>\$ 13,205,931</u> | <u>\$ 13,593,549</u>  | <u>\$ 15,707,391</u>   | <u>\$ 16,913,331</u>   | <u>\$ 17,349,998</u>   | <u>\$ 18,382,755</u>   | <u>\$ 17,716,095</u>   | <u>\$ 17,114,024</u>   |
| <b>Program Revenues</b>                                |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| <b>Governmental activities:</b>                        |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| <b>Charges for Services</b>                            |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| Regular Instruction                                    |                            |                       |                      |                       |                        |                        | \$ 141,258             | \$ 89,100              | \$ 74,477              | \$ -                   |
| Student and Instruction Related Services               | \$ 90,000                  | \$ 93,000             | \$ 86,166            |                       |                        |                        |                        |                        |                        |                        |
| General Administrative Services                        |                            |                       | 78,520               | \$ 76,550             |                        |                        |                        |                        |                        |                        |
| Plant Operations and Maintenance                       |                            | 219,015               | 240,258              | 242,300               | \$ 248,000             | \$ 236,979             | 64,450                 | 70,750                 | 89,153                 | 28,163                 |
| Transportation   |                            | 105,000               | 104,000              | 105,200               | 108,125                | 115,700                | 122,460                | 115,700                | 114,100                | 111,550                |
| <b>Operating Grants and Contributions</b>              | 920,792                    | 1,312,693             | 1,458,642            | 1,336,900             | 2,554,231              | 2,959,095              | 3,852,675              | 3,996,562              | 3,223,450              | 2,840,245              |
| <b>Capital Grants</b>                                  | 15,500                     | 3,042,916             | 9,767,230            | 7,397,885             | 919,992                | 202,554                | 631,964                |                        |                        | 106,379                |
| <b>Total governmental activities program revenues</b>  | <u>1,026,292</u>           | <u>4,772,624</u>      | <u>11,734,816</u>    | <u>9,158,835</u>      | <u>3,830,348</u>       | <u>3,514,328</u>       | <u>4,812,807</u>       | <u>4,272,112</u>       | <u>3,501,180</u>       | <u>3,086,337</u>       |
| <b>Business-type activities:</b>                       |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| <b>Charges for services</b>                            |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| Food Service   | \$ 454,674                 | \$ 516,277            | \$ 423,180           | \$ 438,367            | \$ 613,865             | \$ 660,842             | \$ 429,578             | \$ 464,857             | \$ 486,799             | \$ 401,821             |
| <b>Operating Grants and Contributions</b>              | 52,292                     | 62,267                | 57,600               | 57,414                | 68,463                 | 67,678                 | 77,005                 | 77,226                 | 67,113                 | 69,267                 |
| <b>Total business type activities program revenues</b> | <u>506,966</u>             | <u>578,544</u>        | <u>480,780</u>       | <u>495,781</u>        | <u>682,328</u>         | <u>728,520</u>         | <u>506,583</u>         | <u>542,083</u>         | <u>553,912</u>         | <u>471,088</u>         |
| <b>Total district program revenues</b>                 | <u>\$ 1,533,258</u>        | <u>\$ 5,351,168</u>   | <u>\$ 12,215,596</u> | <u>\$ 9,654,616</u>   | <u>\$ 4,512,676</u>    | <u>\$ 4,242,848</u>    | <u>\$ 5,319,390</u>    | <u>\$ 4,814,195</u>    | <u>\$ 4,055,092</u>    | <u>\$ 3,557,425</u>    |
| <b>Net (Expense)/Revenue</b>                           |                            |                       |                      |                       |                        |                        |                        |                        |                        |                        |
| <b>Governmental activities</b>                         | \$ (11,186,901)            | \$ (7,630,154)        | \$ (989,568)         | \$ (3,930,317)        | \$ (11,178,378)        | \$ (12,651,764)        | \$ (12,029,263)        | \$ (13,600,569)        | \$ (13,679,539)        | \$ (13,541,936)        |
| <b>Business-type activities</b>                        | 18,053                     | 21,649                | (767)                | (8,616)               | (8,337)                | (18,719)               | (1,345)                | 32,009                 | 18,536                 | (14,663)               |
| <b>Total district-wide net expense</b>                 | <u>\$ (11,168,848)</u>     | <u>\$ (7,608,505)</u> | <u>\$ (990,335)</u>  | <u>\$ (3,938,933)</u> | <u>\$ (11,194,715)</u> | <u>\$ (12,670,483)</u> | <u>\$ (12,030,608)</u> | <u>\$ (13,568,560)</u> | <u>\$ (13,661,003)</u> | <u>\$ (13,556,599)</u> |

**CARLSTADT-EAST RUTHERFORD REGIONAL 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                 |
| <b>General Revenues and Other Changes in Net Assets</b> |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                                |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property taxes levied for general purposes, net         | \$ 11,373,220              | \$ 11,373,220        | \$ 11,600,684        | \$ 11,832,698        | \$ 12,069,351        | \$ 12,310,738        | \$ 12,556,953        | \$ 12,808,092        | \$ 13,064,254        | \$ 13,325,539        |
| Unrestricted grants and contributions                   |                            |                      |                      |                      | 10,560               | 10,560               | 15,570               | 15,849               | 235                  | -                    |
| Interest - Capital Reserve Funds                        | 9,436                      | 4,957                | 7,559                | 990                  | -                    | -                    | -                    | -                    | -                    | -                    |
| Investment earnings                                     | 19,540                     | 13,769               | 20,442               | 7,796                | 7,279                | 4,763                | 3,173                | 11,053               | 49,571               | 33,662               |
| Miscellaneous income                                    | 250,420                    | 18,712               | 13,190               | 33,785               | 14,458               | 35,332               | 128,975              | 214,478              | 144,176              | 73,606               |
| Transfers   |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Total governmental activities                           | <u>11,652,616</u>          | <u>11,410,658</u>    | <u>11,641,875</u>    | <u>11,875,269</u>    | <u>12,101,648</u>    | <u>12,361,393</u>    | <u>12,704,671</u>    | <u>13,049,472</u>    | <u>13,258,236</u>    | <u>13,432,807</u>    |
| Business-type activities:                               |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investment earnings                                     | 281                        | 75                   | 158                  | 12                   |                      |                      |                      |                      |                      |                      |
| Transfers   |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Total business-type activities                          | <u>281</u>                 | <u>75</u>            | <u>158</u>           | <u>12</u>            | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| Total district-wide                                     | <u>\$ 11,652,897</u>       | <u>\$ 11,410,733</u> | <u>\$ 11,642,033</u> | <u>\$ 11,875,281</u> | <u>\$ 12,101,648</u> | <u>\$ 12,361,393</u> | <u>\$ 12,704,671</u> | <u>\$ 13,049,472</u> | <u>\$ 13,258,236</u> | <u>\$ 13,432,807</u> |
| <b>Change in Net Position</b>                           |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                                 | \$ 465,715                 | \$ 3,780,504         | \$ 10,652,307        | \$ 7,944,952         | \$ 923,270           | \$ (290,371)         | \$ 675,408           | \$ (551,097)         | \$ (421,303)         | \$ (109,129)         |
| Business-type activities                                | 18,334                     | 21,724               | (609)                | (8,604)              | (16,337)             | (18,719)             | (1,345)              | 32,009               | 18,536               | (14,663)             |
| Total district  | <u>\$ 484,049</u>          | <u>\$ 3,802,228</u>  | <u>\$ 10,651,698</u> | <u>\$ 7,936,348</u>  | <u>\$ 906,933</u>    | <u>\$ (309,090)</u>  | <u>\$ 674,063</u>    | <u>\$ (519,088)</u>  | <u>\$ (402,767)</u>  | <u>\$ (123,792)</u>  |

CARLSTADT-EAST RUTHERFORD REGIONAL 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                         | \$ 2,300,291               | \$ 3,414,936        | \$ 3,669,966        | \$ 3,151,663        | \$ 2,599,992        | \$ 2,139,943        | \$ 2,087,085        | \$ 3,428,829        | \$ 2,858,897        | \$ 3,750,420        |
| Assigned                           | 322,136                    | 40,972              | 35,932              | 27,925              | 106,021             | 52,359              | 89,468              | 62,281              | 481,944             | 189,092             |
| Unassigned                         | 250,000                    | 250,000             | 250,000             | 262,135             | 266,511             | 272,605             | 256,623             | 262,908             | 284,365             | 272,099             |
| Total general fund                 | <u>\$ 2,872,427</u>        | <u>\$ 3,705,908</u> | <u>\$ 3,955,898</u> | <u>\$ 3,441,723</u> | <u>\$ 2,972,524</u> | <u>\$ 2,464,907</u> | <u>\$ 2,433,176</u> | <u>\$ 3,754,018</u> | <u>\$ 3,625,206</u> | <u>\$ 4,211,611</u> |
| All Other Governmental Funds       |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Unreserved                         |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Restricted                         | \$ 967,925                 | \$ 567,186          | \$ 447,384          |                     |                     | \$ 407,574          | \$ 1,190,777        | -                   | -                   | -                   |
| Unassigned                         |                            |                     |                     | \$ (22,909)         | \$ (274,134)        |                     |                     |                     |                     |                     |
| Total all other governmental funds | <u>\$ 967,925</u>          | <u>\$ 567,186</u>   | <u>\$ 447,384</u>   | <u>\$ (22,909)</u>  | <u>\$ (274,134)</u> | <u>\$ 407,574</u>   | <u>\$ 1,190,777</u> | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |

**CARLSTADT-EAST RUTHERFORD REGIONAL 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              |
| <b>Revenues</b>  |                            |                   |                   |                     |                     |                   |                   |                   |                     |                   |
| Property Tax levy  | \$ 11,373,220              | \$ 11,373,220     | \$ 11,600,684     | \$ 11,832,698       | \$ 12,069,351       | \$ 12,310,738     | \$ 12,556,953     | \$ 12,808,092     | \$ 13,064,254       | \$ 13,325,539     |
| Interest Earnings  | 28,976                     | 18,726            | 28,001            | 8,786               | 7,279               | 4,763             | 3,173             | 11,053            | 49,571              | 33,662            |
| Miscellaneous Income   | 340,420                    | 342,727           | 357,448           | 381,285             | 386,357             | 388,011           | 457,143           | 490,028           | 457,136             | 411,826           |
| State Sources  | 702,086                    | 2,189,673         | 4,666,458         | 3,723,450           | 1,638,383           | 1,692,119         | 1,599,866         | 1,793,856         | 2,082,653           | 2,241,792         |
| Federal Sources  | 234,206                    | 2,064,909         | 6,233,347         | 4,763,065           | 736,291             | 205,002           | 802,002           | 221,395           | 209,944             | 205,144           |
| Other Intermediate Source  | -                          | 101,027           | 326,067           | 248,270             | 30,460              | 756               | 23,099            | -                 | -                   | -                 |
| <b>Total revenue</b>   | <b>12,678,908</b>          | <b>16,090,282</b> | <b>23,212,005</b> | <b>20,957,554</b>   | <b>14,868,121</b>   | <b>14,601,389</b> | <b>15,442,236</b> | <b>15,324,424</b> | <b>15,863,558</b>   | <b>16,217,963</b> |
| <b>Expenditures</b>  |                            |                   |                   |                     |                     |                   |                   |                   |                     |                   |
| <b>Instruction</b>   |                            |                   |                   |                     |                     |                   |                   |                   |                     |                   |
| Regular Instruction  | 3,518,780                  | 4,733,858         | 4,889,242         | 5,036,953           | 4,957,651           | 5,466,245         | 5,642,723         | 5,734,604         | 5,956,521           | 6,368,434         |
| Special Education Instruction                                    | 356,168                    | 2,642,019         | 2,746,559         | 2,764,697           | 3,161,424           | 3,066,950         | 2,857,127         | 2,749,702         | 2,857,936           | 2,318,448         |
| Other Instruction  | 185,831                    | 298,380           | 229,418           | 172,315             | 169,232             | 175,924           | 177,084           | 185,293           | 173,751             | 190,781           |
| School Sponsored Activities and Athletics                        | 314,943                    | 420,262           | 429,221           | 427,491             | 431,030             | 439,660           | 442,698           | 477,078           | 462,964             | 485,084           |
| <b>Support Services:</b>   |                            |                   |                   |                     |                     |                   |                   |                   |                     |                   |
| Tuition  | 2,014,707                  |                   |                   |                     |                     |                   |                   |                   |                     |                   |
| Student & Inst. Related Services                                 | 1,069,089                  | 1,390,839         | 1,396,327         | 1,553,345           | 1,530,008           | 1,518,199         | 1,780,303         | 2,123,603         | 2,247,559           | 2,470,208         |
| General Administrative   | 422,058                    | 547,890           | 377,302           | 380,365             | 519,279             | 708,896           | 679,412           | 694,961           | 562,263             | 707,689           |
| School Administrative Services                                   | 191,843                    | 215,445           | 246,817           | 269,389             | 305,487             | 273,392           | 331,877           | 312,197           | 336,896             | 306,319           |
| Central Services and Info. Tech.                                 | 352,975                    | 506,575           | 545,761           | 509,112             | 540,126             | 554,354           | 509,095           | 535,801           | 445,616             | 449,082           |
| Plant Operations and Maintenance                                 | 944,602                    | 1,063,976         | 1,125,760         | 1,261,231           | 1,243,509           | 1,273,510         | 1,299,200         | 1,247,018         | 1,424,072           | 1,352,863         |
| Pupil Transportation   | 384,274                    | 346,683           | 453,779           | 492,725             | 555,585             | 601,649           | 636,942           | 636,424           | 683,290             | 600,358           |
| Employee Benefits  | 2,296,378                  |                   |                   |                     |                     |                   |                   |                   |                     |                   |
| Capital outlay   | 89,585                     | 3,460,473         | 10,618,249        | 9,815,390           | 1,985,004           | 145,846           | 134,045           | 357,696           | 841,344             | 365,704           |
| <b>Debt service:</b>   |                            |                   |                   |                     |                     |                   |                   |                   |                     |                   |
| Principal  |                            | 29,209            | 22,878            | 196,609             | 184,007             | 189,206           | 193,746           | 195,458           | 18,566              | 16,574            |
| Interest and other charges                                       |                            | 1,931             | 504               | 8,761               | 19,990              | 13,467            | 6,512             | 4,388             | 174                 | 14                |
| <b>Total expenditures</b>  | <b>12,141,233</b>          | <b>15,657,540</b> | <b>23,081,817</b> | <b>22,888,383</b>   | <b>15,602,332</b>   | <b>14,427,298</b> | <b>14,690,764</b> | <b>15,254,223</b> | <b>16,010,952</b>   | <b>15,631,558</b> |
| <b>Excess (Deficiency) of revenues over (under) expenditures</b> | <b>537,675</b>             | <b>432,742</b>    | <b>130,188</b>    | <b>(1,930,829)</b>  | <b>(734,211)</b>    | <b>174,091</b>    | <b>751,472</b>    | <b>70,201</b>     | <b>(147,394)</b>    | <b>586,405</b>    |
| <b>Other Financing sources (uses)</b>                            |                            |                   |                   |                     |                     |                   |                   |                   |                     |                   |
| Capital Lease Proceeds   |                            |                   |                   | 946,361             | 13,787              |                   |                   | 59,864            | 18,582              | -                 |
| Transfers in   |                            |                   | 707,017           | 1,000,000           | 800,000             | 625,000           | 250,000           | 1,060,097         | -                   | -                 |
| Transfers out  |                            |                   | (707,017)         | (1,000,000)         | (800,000)           | (625,000)         | (250,000)         | (1,060,097)       | -                   | -                 |
| <b>Total other financing sources (uses)</b>                      | <b>-</b>                   | <b>-</b>          | <b>-</b>          | <b>946,361</b>      | <b>13,787</b>       | <b>-</b>          | <b>-</b>          | <b>59,864</b>     | <b>18,582</b>       | <b>-</b>          |
| <b>Net change in fund balances</b>                               | <b>\$ 537,675</b>          | <b>\$ 432,742</b> | <b>\$ 130,188</b> | <b>\$ (984,468)</b> | <b>\$ (720,424)</b> | <b>\$ 174,091</b> | <b>\$ 751,472</b> | <b>\$ 130,065</b> | <b>\$ (128,812)</b> | <b>\$ 586,405</b> |
| <b>Debt service as a percentage of noncapital expenditures</b>   | <b>0.00%</b>               | <b>0.26%</b>      | <b>0.19%</b>      | <b>1.57%</b>        | <b>1.50%</b>        | <b>1.42%</b>      | <b>1.38%</b>      | <b>1.34%</b>      | <b>0.12%</b>        | <b>0.11%</b>      |

\* Noncapital expenditures are total expenditures less capital outlay.



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

| <b>Fiscal Year<br/>Ended<br/>June 30,</b> | <b>Athletic<br/>Receipts</b> | <b>E-Rate<br/>Reimb</b> | <b>Transportation<br/>Jointures</b> | <b>Rentals</b> | <b>Refunds</b> | <b>Tuition</b> | <b>Insurance<br/>Settlement</b> | <b>Books and<br/>Other Fines</b> | <b>Miscellaneous</b> | <b>Total</b> |
|---|------------------------------|-------------------------|-------------------------------------|----------------|----------------|----------------|---------------------------------|----------------------------------|----------------------|--------------|
| 2011                                      | \$ 10,674                    |                         | \$ 92,225                           | \$ 235,690     |                |                |                                 | \$ 820                           |                      | \$ 339,409   |
| 2012                                      | 8,133                        |                         | 105,000                             | 219,015        |                |                |                                 | 1,405                            | \$ 9,174             | 342,727      |
| 2013                                      | 8,898                        | \$ 960                  | 104,000                             | 240,258        |                |                |                                 | 815                              | 2,517                | 357,448      |
| 2014                                      | 9,621                        | 14,418                  | 105,200                             | 242,300        |                |                |                                 | 1,431                            | 8,315                | 381,285      |
| 2015                                      | 9,210                        |                         | 108,125                             | 248,000        |                |                |                                 |                                  | 5,248                | 370,583      |
| 2016                                      |                              |                         | 115,700                             | 236,979        | \$ 29,422      |                |                                 |                                  | 5,910                | 388,011      |
| 2017                                      |                              |                         | 122,460                             | 64,450         | 46,198         | \$ 141,258     | \$ 75,000                       |                                  | 7,777                | 457,143      |
| 2018                                      |                              |                         | 115,700                             | 70,750         | 58,721         | 89,100         | 125,000                         |                                  | 30,757               | 490,028      |
| 2019                                      | 7,573                        |                         | 114,100                             | 89,153         | 61,861         | 74,477         |                                 |                                  | 74,742               | 421,906      |
| 2020                                      | 17,026                       |                         | 111,550                             | 28,162         | 43,031         |                |                                 |                                  | 13,550               | 213,319      |

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

**Borough of Carlstadt**

| Year Ended December 31, | Vacant Land | Residential | Commercial  | Industrial    | Apartment  | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate |
|-------------------------|-------------|-------------|-------------|---------------|------------|----------------------|------------------|-----------------------|---|------------------------------|
| 2011                    | 18,162,930  | 246,384,007 | 173,503,810 | 488,209,888   | 5,691,900  | 931,952,535          | 1,813,445        | \$ 933,765,980        | \$ 2,258,731,302                          | \$ 0.617                     |
| 2012                    | 19,242,430  | 245,690,007 | 160,241,410 | 488,367,588   | 5,691,900  | 919,233,335          | 1,813,445        | 921,046,780           | 2,147,168,033                             | 0.634                        |
| 2013 (A)                | 34,305,800  | 515,816,100 | 377,826,200 | 1,062,832,900 | 12,522,700 | 2,003,303,700        | 3,783,126        | 2,007,086,826         | 2,016,315,081                             | 0.297                        |
| 2014                    | 31,223,500  | 514,640,900 | 373,118,400 | 1,087,516,700 | 12,522,700 | 2,019,022,200        | 3,613,428        | 2,022,635,628         | 1,932,600,159                             | 0.306                        |
| 2015                    | 33,288,000  | 512,603,600 | 361,637,400 | 1,083,418,000 | 12,497,700 | 2,003,444,700        | 3,817,993        | 2,007,262,693         | 2,058,775,005                             | 0.316                        |
| 2016                    | 30,238,700  | 512,535,900 | 337,670,700 | 1,085,006,205 | 12,497,700 | 1,977,949,205        | 3,473,074        | 1,981,422,279         | 2,187,721,816                             | 0.364                        |
| 2017 (B)                | 26,542,600  | 558,534,900 | 401,686,300 | 1,248,209,800 | 12,256,700 | 2,247,230,300        | 3,837,014        | 2,251,067,314         | 2,290,376,074                             | 0.324                        |
| 2018                    | 25,142,600  | 558,268,800 | 376,844,900 | 1,279,654,400 | 12,256,700 | 2,252,167,400        | 3,837,014        | 2,256,004,414         | 2,327,118,392                             | 0.322                        |
| 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                             | 0.295                        |
| 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                             | 0.270                        |

**Borough of East Rutherford**

| Year Ended December 31, | Vacant Land   | Residential    | Commercial     | Industrial     | Apartment      | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate |
|-------------------------|---------------|----------------|----------------|----------------|----------------|----------------------|------------------|-----------------------|---|------------------------------|
| 2011                    | \$ 30,169,900 | \$ 620,286,300 | \$ 535,068,700 | \$ 688,918,800 | \$ 130,562,300 | \$ 2,005,008,011     | \$ 4,220,950     | \$ 2,009,228,961      | \$ 2,409,474,206                          | \$ 0.280                     |
| 2012                    | 29,994,900    | 620,953,700    | 528,271,700    | 681,675,500    | 128,040,300    | 1,988,936,100        | 4,142,893        | 1,993,078,993         | 2,414,475,439                             | 0.288                        |
| 2013                    | 28,711,500    | 620,449,400    | 527,779,400    | 664,250,800    | 128,040,300    | 1,969,231,400        | 4,040,959        | 1,973,272,359         | 2,387,996,042                             | 0.297                        |
| 2014                    | 29,874,100    | 619,122,800    | 420,711,800    | 653,342,200    | 128,040,300    | 1,851,091,200        | 3,752,509        | 1,854,843,709         | 1,897,754,949                             | 0.318                        |
| 2015                    | 33,244,900    | 620,552,400    | 418,328,100    | 647,161,000    | 126,574,700    | 1,845,861,100        | 3,687,646        | 1,849,548,746         | 2,174,418,518                             | 0.323                        |
| 2016                    | 32,423,900    | 619,817,100    | 476,992,500    | 633,405,000    | 126,427,400    | 1,889,065,900        | 4,161,949        | 1,893,227,849         | 2,174,965,200                             | 0.283                        |
| 2017                    | 33,919,400    | 620,007,200    | 390,632,800    | 632,456,800    | 190,853,400    | 1,867,869,600        | 4,069,535        | 1,871,939,135         | 2,502,356,056                             | 0.294                        |
| 2018                    | 38,695,300    | 701,720,900    | 495,793,000    | 599,137,100    | 255,007,700    | 2,090,354,000        | 4,657,962        | 2,095,011,962         | 2,037,938,982                             | 0.268                        |
| 2019                    | 43,130,000    | 769,090,400    | 493,955,600    | 672,542,900    | 243,343,500    | 2,222,062,400        | 4,657,962        | 2,226,720,362         | 2,292,227,281                             | 0.274                        |
| 2020                    | 42,654,100    | 765,683,300    | 496,912,600    | 715,514,200    | 250,188,900    | 2,270,953,100        | 4,517,960        | 2,275,471,060         | 2,361,376,820                             | 0.291                        |

Source: Municipal Tax Collector

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

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

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

**Borough of Carlstadt**

| Calendar Year | Total Direct School Tax Rate<br>Regional School | Overlapping Rates |                      |                   |          | Total Direct and Overlapping Tax Rate |
|---------------|---|-------------------|----------------------|-------------------|----------|---------------------------------------|
|               |   | Local School      | Borough of Carlstadt | Municipal Library | County   |                                       |
| 2011          | \$ 0.617  | \$ 1.136          | \$ 1.685             | \$ 0.083          | \$ 0.495 | \$ 4.016                              |
| 2012          | 0.634   | 1.169             | 1.767                | 0.078             | 0.497    | 4.145                                 |
| 2013 (A)      | 0.297   | 0.553             | 0.880                | 0.033             | 0.219    | 1.982                                 |
| 2014          | 0.306   | 0.565             | 0.884                | 0.031             | 0.205    | 1.991                                 |
| 2015          | 0.316   | 0.578             | 0.896                | 0.034             | 0.246    | 2.070                                 |
| 2016          | 0.364   | 0.596             | 0.869                | 0.036             | 0.261    | 2.126                                 |
| 2017 (B)      | 0.324   | 0.538             | 0.763                | 0.034             | 0.247    | 1.906                                 |
| 2018          | 0.322   | 0.533             | 0.780                | 0.048             | 0.239    | 1.922                                 |
| 2019          | 0.295   | 0.512             | 0.759                | 0.031             | 0.238    | 1.835                                 |
| 2020          | 0.270   | 0.488             | 0.746                | 0.030             | 0.241    | 1.775                                 |

**Borough of East Rutherford**

| Calendar Year | Total Direct School Tax Rate<br>Regional School | Overlapping Rates |                            |                   |          | Total Direct and Overlapping Tax Rate |
|---------------|---|-------------------|----------------------------|-------------------|----------|---------------------------------------|
|               |   | Local School      | Borough of East Rutherford | Municipal Library | County   |                                       |
| 2011          | \$ 0.280  | \$ 0.661          | \$ 0.424                   | \$ 0.032          | \$ 0.221 | \$ 1.618                              |
| 2012          | 0.288   | 0.675             | 0.502                      | 0.033             | 0.237    | 1.735                                 |
| 2013          | 0.297   | 0.704             | 0.532                      | 0.033             | 0.279    | 1.845                                 |
| 2014          | 0.318   | 0.762             | 0.556                      | 0.034             | 0.234    | 1.904                                 |
| 2015          | 0.323   | 0.779             | 0.545                      | 0.039             | 0.281    | 1.967                                 |
| 2016          | 0.283   | 0.783             | 0.532                      | 0.034             | 0.313    | 1.945                                 |
| 2017          | 0.294   | 0.843             | 0.570                      | 0.038             | 0.329    | 2.074                                 |
| 2018          | 0.268   | 0.789             | 0.497                      | 0.033             | 0.191    | 1.778                                 |
| 2019          | 0.274   | 0.756             | 0.516                      | 0.034             | 0.252    | 1.832                                 |
| 2020          | 0.291   | 0.754             | 0.483                      | 0.035             | 0.256    | 1.819                                 |

Source: Municipal Tax Collector

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

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

| Taxpayer                                | Borough of Carlstadt       |  |                        |  |
|---|----------------------------|--|------------------------|--|
|   | 2020                       |  | 2011                   |  |
|   | Taxable Assessed Value     | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Russo                                   | \$ 266,177,500             | 10.3%                                  | \$ 86,198,850          | 9.2%                                   |
| Prologis                                | 69,994,000                 | 2.7%                                   |                        |  |
| Trans Con Pipe Line                     | 51,500,000                 | 2.0%                                   | 45,047,100             | 4.8%                                   |
| AMB                                     |                            |  | 38,248,800             | 4.1%                                   |
| Prologis                                |                            |  | 25,018,000             | 2.7%                                   |
| Meadowland Ptms.                        |                            |  | 11,000,000             | 1.2%                                   |
| Icons US Industrial                     | 50,953,600                 | 2.0%                                   |                        |  |
| Stark Commercial Center                 | 38,333,700                 | 1.5%                                   |                        |  |
| Plank Pat. Realty                       | 22,817,000                 | 0.9%                                   | 8,107,000              | 0.9%                                   |
| STRS Ohio                               | 22,769,000                 | 0.9%                                   |                        |  |
| 455 16th St. LLC                        | 20,692,900                 | 0.8%                                   | 7,750,000              | 0.8%                                   |
| Centerpoint Commercial LLC              | 18,179,600                 | 0.7%                                   |                        |  |
| Barell Assoc.                           |                            |  | 7,190,000              | 0.8%                                   |
| A.G. Holdings                           |                            |  | 5,825,000              | 0.6%                                   |
| Individual Taxpayer                     |                            |  | 2,000,000              | 0.2%                                   |
| Washington SG, LLC                      | 16,787,000                 | 0.7%                                   |                        |  |
|   | <u>\$ 578,204,300</u>      | <u>22.44%</u>                          | <u>\$ 236,384,750</u>  | <u>25.32%</u>                          |
| Taxpayer                                | Borough of East Rutherford |  |                        |  |
|   | 2020                       |  | 2011                   |  |
|   | Taxable Assessed Value     | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Federal Reserve Bank                    | \$ 221,810,800             | 9.75%                                  | \$ 321,169,300         | 15.98%                                 |
| One Met Center LLC                      | 95,000,000                 | 4.17%                                  |                        |  |
| Waterside Gardens at Brick LLC          | 72,500,000                 | 3.19%                                  |                        |  |
| Honeywell International Inc             | 46,599,800                 | 2.05%                                  |                        |  |
| R&FR & HW ET EL                         | 42,012,300                 | 1.85%                                  |                        |  |
| 201 Railroad Avenue LLC                 | 40,000,000                 | 1.85%                                  |                        |  |
| AMB Property Corp.                      | 38,628,700                 | 1.70%                                  |                        |  |
| Brancasons                              | 37,713,900                 | 1.66%                                  |                        |  |
| ML Plaza Owner, LLC Hilton              | 35,000,000                 | 1.54%                                  |                        |  |
| Liberty Terrace                         | 33,400,000                 | 1.47%                                  |                        |  |
| SPUSV5 One Meadowlands LP               |                            |  | 70,000,000             | 3.48%                                  |
| Branca Properties                       |                            |  | 49,888,900             | 2.48%                                  |
| BPG Hotel XVII c/o Sheraton             |                            |  | 42,500,000             | 2.12%                                  |
| Vornado Realty Trust                    |                            |  | 36,013,300             | 1.79%                                  |
| Avalon NJ Value II LLC                  |                            |  | 35,715,600             | 1.78%                                  |
| Liberty Commons                         |                            |  | 31,202,200             | 1.55%                                  |
| East Rutherford (Lodging Residence Inn) |                            |  | 21,075,800             | 1.05%                                  |
| BRE/HV Properties (Homestead Village)   |                            |  | 17,229,200             | 0.86%                                  |
| 450 Murray Hill Corp                    |                            |  | 16,916,100             | 0.84%                                  |
|   | <u>\$ 662,665,500</u>      | <u>29.21%</u>                          | <u>\$ 641,710,400</u>  | <u>31.94%</u>                          |

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

| Fiscal<br>Year<br>Ended<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year<br>of the Levy |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------------|-------------------------------------|---|-----------------------|---------------------------------------|
|                                     |                                     | Amount  | Percentage<br>of Levy |                                       |
| 2011                                | \$ 11,373,220                       | \$ 11,373,220                                   | 100.00%               |                                       |
| 2012                                | 11,373,220                          | 10,425,452                                      | 91.67%                | \$ 947,768                            |
| 2013                                | 11,600,684                          | 11,600,684                                      | 100.00%               |                                       |
| 2014                                | 11,832,698                          | 11,832,698                                      | 100.00%               |                                       |
| 2015                                | 12,069,351                          | 12,069,351                                      | 100.00%               |                                       |
| 2016                                | 12,310,738                          | 11,782,250                                      | 100.00%               | 528,488                               |
| 2017                                | 12,556,953                          | 12,556,953                                      | 100.00%               |                                       |
| 2018                                | 12,808,092                          | 12,808,092                                      | 100.00%               |                                       |
| 2019                                | 13,064,254                          | 13,064,254                                      | 100.00%               |                                       |
| 2020                                | 13,325,539                          | 13,325,539                                      | 100.00%               |                                       |

Source: District Records

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

| Fiscal<br>Year<br>Ended<br>June 30, | <u>Governmental Activities</u> |                             |                   | Total District | Population | Per Capita |
|-------------------------------------|--------------------------------|-----------------------------|-------------------|----------------|------------|------------|
|                                     | General<br>Obligation<br>Bonds | Grant Anticipation<br>Notes | Capital<br>Leases |                |            |            |
| 2011                                |                                |                             | \$ 52,087         | \$ 52,087      | 15,132     | \$ 3       |
| 2012                                |                                | \$ 4,000,000                | 22,878            | 4,022,878      | 15,158     | 265        |
| 2013                                |                                | 6,000,000                   | -                 | 6,000,000      | 15,192     | 395        |
| 2014                                |                                | 6,000,000                   | 749,752           | 6,749,752      | 15,206     | 444        |
| 2015                                |                                | 3,000,000                   | 579,532           | 3,579,532      | 15,240     | 235        |
| 2016                                |                                |                             | 390,326           | 390,326        | 15,914     | 25         |
| 2017                                |                                |                             | 196,580           | 196,580        | 15,967     | 12         |
| 2018                                |                                |                             | 60,986            | 60,986         | 15,889     | 4          |
| 2019                                |                                |                             | 61,002            | 61,002         | 15,819     | 4          |
| 2020                                |                                |                             | 44,428            | 44,428         | 15,819 (E) | 3          |

Source: District records

E - Estimate

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

| Fiscal Year Ended<br>June 30, | General Bonded Debt Outstanding |            | Net General<br>Bonded Debt<br>Outstanding | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |
|-------------------------------|---------------------------------|------------|---|--|-------------------------|
|                               | General<br>Obligation<br>Bonds  | Deductions |   |  |                         |
| 2011                          | N/A                             |            |   |  |                         |
| 2012                          | N/A                             |            |   |  |                         |
| 2013                          | N/A                             |            |   |  |                         |
| 2014                          | N/A                             |            |   |  |                         |
| 2015                          | N/A                             |            |   |  |                         |
| 2016                          | N/A                             |            |   |  |                         |
| 2017                          | N/A                             |            |   |  |                         |
| 2018                          | N/A                             |            |   |  |                         |
| 2019                          | N/A                             |            |   |  |                         |
| 2019                          | N/A                             |            |   |  |                         |

N/A - Not Applicable

Source: District records

Notes:

- a See Exhibit J-6 for property tax data.
- b See Exhibit J-14 for population data.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2019  
(Unaudited)**

|  |                |
|--|----------------|
| Total Direct Debt of Carlstadt-East Rutherford Regional Board of Education as of June 30, 2020 | -              |
| <hr/>  |                |
| Total Direct Debt of School District   | -              |
| <hr/>  |                |
| Municipal Debt: (1)  |                |
| Borough of Carlstadt   | \$ 20,731,258  |
| Carlstadt Public Schools K-8   | 13,390,000     |
| Borough of East Rutherford   | 32,989,696     |
| East Rutherford Public Schools K-8   | 2,511,000      |
| Bergen County:   |                |
| County of Bergen (A)   | 36,576,652     |
| Bergen County Utilities Authority (B)  | 3,400,973      |
|  | <hr/>          |
| Total Overlapping Debt   | 109,599,579    |
|  | <hr/>          |
| Total Direct and Overlapping Debt  | \$ 109,599,579 |
|  | <hr/>          |

Source:

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

(A) The debt for this entity was apportioned to the Borough of Carlstadt and East Rutherford 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

| <b>Legal Debt Margin Calculation for Fiscal Year 2020</b> |   |   |  |
|---|---|---|--|
|   | Borough of<br>Carlstadt<br>Equalized<br>Valuation Basis | Borough of<br>East Rutherford<br>Equalized<br>Valuation Basis | Combined<br>Equalized<br>Valuation Basis |
| Year  | Valuation Basis   | Valuation Basis   | Valuation Basis                          |
| 2019  | \$ 2,378,414,544  | \$ 2,321,666,778  | \$ 4,700,081,322                         |
| 2018  | 3,301,482,778   | 2,302,659,176   | 5,604,141,954                            |
| 2017  | 3,295,059,091   | 2,063,032,472   | 5,358,091,563                            |
|   |   |   | \$ 15,662,314,839                        |
|   | Average equalized valuation of taxable property         |   | \$ 5,220,771,613                         |
|   | Debt limit (3 % of average equalization value)          |   | 156,623,148                              |
|   | Total Net Debt Applicable to Limit                      |   | -  |
|   | Legal debt margin                                       |   | \$ 156,623,148                           |

|   | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           | 2017           | 2018           | 2019           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt Limit  | \$ 134,851,867 | \$ 130,593,244 | \$ 123,744,593 | \$ 119,037,294 | \$ 119,765,859 | \$ 121,961,625 | \$ 127,707,981 | \$ 139,194,270 | \$ 153,565,094 | \$ 156,623,148 |
| Total net debt applicable to limit                                      | -              |                |                |                |                |                |                |                |                |                |
| Legal debt margin   | \$ 134,851,867 | \$ 130,593,244 | \$ 123,744,593 | \$ 119,037,294 | \$ 119,765,859 | \$ 121,961,625 | \$ 127,707,981 | \$ 139,194,270 | \$ 153,565,094 | \$ 156,623,148 |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |

Source: Annual Debt Statements

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

**Borough of Carlstadt**

| <u>Fiscal Year</u> | <u>Population</u> | <u>County Per<br/>Capita Personal<br/>Income</u> | <u>Unemployment<br/>Rate</u> |
|--------------------|-------------------|--|------------------------------|
| 2011               | 6,161             | \$ 69,053  | 7.10%                        |
| 2012               | 6,173             | 72,152   | 7.20%                        |
| 2013               | 6,187             | 71,679   | 8.80%                        |
| 2014               | 6,186             | 74,452   | 6.60%                        |
| 2015               | 6,195             | 77,666   | 5.60%                        |
| 2016               | 6,175             | 79,145   | 5.60%                        |
| 2017               | 6,207             | 81,483   | 5.00%                        |
| 2018               | 6,165             | 85,951   | 5.00%                        |
| 2019               | 6,132             | 85,951 (E)                                       | 4.50%                        |
| 2020               | 6,132 (E)         | 85,951 (E)                                       | 3.80%                        |

**Borough of East Rutherford**

| <u>Fiscal Year</u> | <u>Population</u> | <u>County Per<br/>Capita Personal<br/>Income</u> | <u>Unemployment<br/>Rate</u> |
|--------------------|-------------------|--|------------------------------|
| 2011               | 8,971             | \$ 69,053  | 10.80%                       |
| 2012               | 8,985             | 72,152   | 11.00%                       |
| 2013               | 9,005             | 71,679   | 5.20%                        |
| 2014               | 9,020             | 74,452   | 5.90%                        |
| 2015               | 9,045             | 77,666   | 4.90%                        |
| 2016               | 9,739             | 79,145   | 4.90%                        |
| 2017               | 9,760             | 81,483   | 3.80%                        |
| 2018               | 9,724             | 85,951   | 3.80%                        |
| 2019               | 9,687             | 85,951 (E)                                       | 3.70%                        |
| 2020               | 9,687 (E)         | 85,951 (E)                                       | 3.10%                        |

(E) Estimated

Source: New Jersey State Department of Education

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

**Borough of Carlstadt**

|          | 2020      |                                       | 2011      |      |                                       |
|----------|-----------|---------------------------------------|-----------|------|---------------------------------------|
| Employer | Employees | % of Total<br>Municipal<br>Employment | Employees | Rank | % of Total<br>Municipal<br>Employment |

INFORMATION NOT AVAILABLE

**Borough of East Rutherford**

|          | 2020      |                                       | 2011      |      |                                       |
|----------|-----------|---------------------------------------|-----------|------|---------------------------------------|
| Employer | Employees | % of Total<br>Municipal<br>Employment | Employees | Rank | % of Total<br>Municipal<br>Employment |

INFORMATION NOT AVAILABLE

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

| <u>Function/Program</u>                | <u>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> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction                            |             |             |             |             |             |             |             |             |             |             |
| Regular                                | 40.0        | 41          | 41          | 39          | 39          | 39          | 39          | 38          | 38          | 38          |
| Special Education                      | 4.0         | 4           | 4           | 4           | 4           | 4           | 4           | 3           | 3           | 3           |
| Support Services:                      |             |             |             |             |             |             |             |             |             |             |
| Student & instruction related services | 3.0         | 3           | 3           | 3           | 3           | 3           | 4           | 4           | 4           | 4           |
| General administration                 | 3.0         | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| School administrative services         | 3.0         | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Central services                       | 3.0         | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Plant operations and maintenance       | 4.0         | 4           | 4           | 4           | 4           | 4           | 5           | 5           | 5           | 5           |
| Pupil transportation                   | 2.0         | 2           | 2           | 2           | 1           | 1           | 0           |             |             |             |
| <b>Total</b>                           | <u>62.0</u> | <u>63.0</u> | <u>63.0</u> | <u>61.0</u> | <u>60.0</u> | <u>60.0</u> | <u>61.0</u> | <u>58.5</u> | <u>59.0</u> | <u>59.0</u> |

Source: District Personnel Records

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

| Fiscal Year | Enrollment <sup>a</sup> | Operating Expenditures <sup>b</sup> | Cost Per Pupil <sup>c</sup> | Percentage Change | Teacher/Pupil Ratio |             | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|---------------------|-------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
|             |                         |                                     |                             |                   | Teaching Staff      | High School |                                |                                |                                      |                               |
| 2011        | 521                     | \$ 12,050,648                       | \$ 23,130                   | 1.20%             | 47.0                | 1:10        | 485.0                          | 451.9                          | -1.74%                               | 93.18%                        |
| 2012        | 526                     | 12,165,927                          | 23,151                      | 0.09%             | 45.0                | 1:11        | 484.8                          | 455.4                          | -0.04%                               | 93.94%                        |
| 2013        | 543                     | 12,440,186                          | 22,910                      | -1.04%            | 45.0                | 1:12        | 492.6                          | 467.9                          | 1.61%                                | 94.99%                        |
| 2014        | 543                     | 12,867,623                          | 23,697                      | 3.44%             | 43.0                | 1:12        | 492.5                          | 467.7                          | -0.02%                               | 94.96%                        |
| 2015        | 529                     | 13,413,331                          | 25,356                      | 7.00%             | 44.0                | 1:12        | 484.5                          | 456.6                          | -1.62%                               | 94.24%                        |
| 2016        | 503                     | 14,078,779                          | 28,017                      | 10.50%            | 43.0                | 1:12        | 457.5                          | 432.1                          | -5.57%                               | 94.45%                        |
| 2017        | 503                     | 14,356,461                          | 28,570                      | 1.97%             | 43.0                | 1:12        | 471.0                          | 445.0                          | 2.95%                                | 94.48%                        |
| 2018        | 522                     | 14,696,681                          | 28,155                      | -1.45%            | 43.5                | 1:12        | 476.0                          | 450.0                          | 1.06%                                | 94.54%                        |
| 2019        | 523                     | 15,150,868                          | 28,969                      | 2.89%             | 44.0                | 1:12        | 490.0                          | 464.0                          | 2.94%                                | 94.69%                        |
| 2020        | 525                     | 15,249,266                          | 29,046                      | 3.17%             | 44.0                | 1:12        | 495.0                          | 464.0                          | 1.02%                                | 93.74%                        |

Sources: District records

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

| <b><u>District Building</u></b>    | <b><u>2010</u></b> | <b><u>2011</u></b> | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> | <b><u>2016</u></b> | <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>High School</b>                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Becton Regional High School</b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Square Feet                        | 122,849            | 122,849            | 122,849            | 122,849            | 122,849            | 122,849            | 122,849            | 122,849            | 122,849            | 122,849            | 122,849            |
| Capacity (students)                | 800                | 800                | 800                | 800                | 800                | 800                | 800                | 800                | 800                | 800                | 800                |
| Enrollment                         | 534                | 521                | 526                | 543                | 543                | 529                | 503                | 503                | 522                | 523                | 525                |

108

Number of Schools at June 30, 2020  
High School = 1

Source: District Records

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

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

| Project # (s)               | <u>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           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Becton Regional High School | <u>\$ 237,357</u> | <u>\$ 214,854</u> | <u>\$ 212,482</u> | <u>\$ 301,732</u> | <u>\$ 317,593</u> | <u>\$ 281,404</u> | <u>\$ 320,246</u> | <u>\$ 371,778</u> | <u>\$ 335,423</u> | <u>\$ 432,162</u> |
| Grand Total                 | <u>\$ 237,357</u> | <u>\$ 214,854</u> | <u>\$ 212,482</u> | <u>\$ 301,732</u> | <u>\$ 317,593</u> | <u>\$ 281,404</u> | <u>\$ 320,246</u> | <u>\$ 371,778</u> | <u>\$ 335,423</u> | <u>\$ 432,162</u> |

Source: District Records

Source: School District's financial statements

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2020**  
**(Unaudited)**

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

Source: School District's records



**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP EXHIBIT K-1

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Carlstadt-East Rutherford Regional Board of Education's basic financial statements and have issued our report thereon dated December 29, 2020.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Carlstadt-East Rutherford Regional Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 29, 2020.

### **Purpose of this Report**

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

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 29, 2020





# 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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DONNA L. JAPHET, CPA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Carlstadt-East Rutherford Regional Board of Education's compliance with the types of compliance requirements described in 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-East Rutherford Regional Board of Education's major state programs for the fiscal year ended June 30, 2020. The Carlstadt-East Rutherford Regional Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the Carlstadt-East Rutherford Regional Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.

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

Management of the Carlstadt-East Rutherford Regional Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Carlstadt-East Rutherford Regional Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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-East Rutherford Regional Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt-East Rutherford Regional Board of Education, as of and for the fiscal year ended June 30, 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 December 29, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Lerch, Vinci & Higgins, LLP*

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

  
Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 29, 2020

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| Federal/Grantor/Pass-Through Grantor/<br>Program Title  | Federal<br>CFDA<br>Number | FAIN<br>Number | Grant or State<br>Project Number | Grant<br>Period | Award<br>Amount | Balance<br>July 1, 2019 | Carryover Amount |              | Cash<br>Received | Budgetary<br>Expenditures | Adjustments | June 30, 2020           |                     | Due to<br>Grantor<br>at<br>June 30, 2020 | MEMO<br>GAAP<br>Receivable |
|---|---------------------------|----------------|----------------------------------|-----------------|-----------------|-------------------------|------------------|--------------|------------------|---------------------------|-------------|-------------------------|---------------------|--|----------------------------|
|   |                           |                |                                  |                 |                 |                         | A/R              | Def. Revenue |                  |                           |             | (Account<br>Receivable) | Unearned<br>Revenue |  |                            |
| <b>U.S. Department of Agriculture</b>                   |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
| <b>Passed-through State Department of Education</b>     |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
| <u>Enterprise Fund</u>                                  |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
| National School Lunch Program                           |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
| Non-Cash Assistance (Food Distribution)                 | 10.555                    | 201NJ304N1099  | N/A                              | 07/1/19-6/30/20 | \$ 9,426        |                         |                  |              | \$ 9,426         | \$ 5,877                  |             | \$ 3,549                |                     | *  |                            |
| Non-Cash Assistance (Food Distribution)                 | 10.555                    | 191NJ304N1099  | N/A                              | 07/1/18-6/30/19 | 12,752          | \$ 2,977                |                  |              |                  | 2,977                     |             |                         |                     | *  |                            |
| Cash Assistance   | 10.555                    | 201NJ304N1099  | N/A                              | 07/1/19-6/30/20 | 53,659          |                         |                  |              | 51,268           | 53,659                    |             | \$ (2,391)              |                     | \$ (2,391)                               |                            |
| Cash Assistance   | 10.555                    | 191NJ304N1099  | N/A                              | 07/1/18-6/30/19 | 51,036          | (12,472)                |                  |              | 12,472           |                           |             |                         |                     | *  |                            |
| National School Breakfast Program                       |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
| Cash Assistance   | 10.553                    | 201NJ304N1099  | N/A                              | 07/1/19-6/30/20 | 5,325           |                         |                  |              | 5,325            | 5,325                     |             | -                       |                     | *  |                            |
| Cash Assistance   | 10.553                    | 191NJ304N1099  | N/A                              | 07/1/18-6/30/19 | 4,313           | (1,214)                 | -                | -            | 1,214            | -                         | -           | -                       | -                   | *  |                            |
| Total Child Nutrition Program Cluster / Enterprise Fund |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
|   |                           |                |                                  |                 | (10,709)        | -                       | -                | -            | 79,705           | 67,838                    | -           | (2,391)                 | 3,549               | -  | (2,391)                    |
| <b>U.S. Department of Education</b>                     |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
| <b>Passed-through State Department of Education</b>     |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
| <u>Special Revenue</u>                                  |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
| Title I A   |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
|   | 84.010                    | S010A190030    | ESEA4010013                      | 7/1/19-9/30/20  | 68,924          | -                       | -                | -            | 68,924           | 68,424                    | -           | -                       | 500                 | -  | -                          |
|   |                           |                |                                  |                 |                 | -                       | -                | -            | 68,924           | 68,424                    | -           | -                       | 500                 | -  | -                          |
| Title II A  |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
|   | 84.367A                   | S367A190029    | ESEA153008                       | 7/1/19-9/30/20  | 10,963          |                         |                  |              | 3,869            | 8,019                     |             | (7,094)                 | 2,944               |  | (4,150)                    |
|   | 84.367A                   | S367A160029    | NCLB153008                       | 9/1/16-6/30/17  | 10,054          | 2,524                   | -                | -            | -                | -                         | -           | -                       | -                   | \$ 2,524                                 | -                          |
|   |                           |                |                                  |                 |                 | 2,524                   | -                | -            | 3,869            | 8,019                     | -           | (7,094)                 | 2,944               | 2,524                                    | (4,150)                    |
| Title III, Immigrant                                    |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
|   | 84.365                    | S335A18900030  | ESEA153004                       | 7/1/19-9/30/20  | 1,744           |                         |                  |              | 1,744            |                           |             |                         | 1,744               |  | -                          |
|   | 84.365                    | S335A1800030   | ESEA153004                       | 7/1/18-6/30/19  | 1,343           |                         | (1,343)          | 1,343        | 1,343            |                           |             |                         |                     | 1,343                                    | -                          |
|   | 84.365                    | S335A1500030   | NCLB153004                       | 9/1/15-6/30/16  | 2,596           | (1,520)                 | -                | -            | -                | -                         | \$ -        | (1,520)                 | -                   | -  | (1,520)                    |
|   |                           |                |                                  |                 |                 | (1,520)                 | (1,343)          | 1,343        | 3,087            | -                         | -           | (1,520)                 | 1,744               | 1,343                                    | (1,520)                    |
| Title IV  |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
|   | 84.424                    | S424A190031    | ESEA031345                       | 7/1/19-9/30/20  | 10,000          | -                       | -                | -            | 10,000           | 10,000                    | -           | -                       | -                   | -  | -                          |
| CARES Emergency Relief Grant                            |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
|   | 84.425D                   | S425D200027    | N/A                              | 3/13/20-9/30/22 | 55,403          | -                       | -                | -            | -                | 4,979                     | -           | (55,403)                | 50,424              | -  | (4,979)                    |
|   |                           |                |                                  |                 |                 | -                       | -                | -            | -                | 4,979                     | -           | (55,403)                | 50,424              | -  | (4,979)                    |
| I.D.E.I.A Part B, Basic Regular                         |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
|   | 84.027                    | H027A190100    | FT-1530-13                       | 7/1/19-9/30/20  | 116,624         | -                       | -                | -            | 116,624          | 116,624                   | -           | -                       | -                   | -  | -                          |
|   |                           |                |                                  |                 |                 | -                       | -                | -            | 116,624          | 116,624                   | -           | -                       | -                   | -  | -                          |
| Total Special Revenue Fund                              |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
|   |                           |                |                                  |                 | 1,004           | (1,343)                 | 1,343            |              | 202,504          | 208,046                   | -           | (64,017)                | 55,612              | 3,867                                    | (10,649)                   |
| Total Federal Awards                                    |                           |                |                                  |                 |                 |                         |                  |              |                  |                           |             |                         |                     |  |                            |
|   |                           |                |                                  |                 | \$ (9,705)      | \$ (1,343)              | \$ 1,343         |              | \$ 282,209       | \$ 275,884                | \$ -        | \$ (66,408)             | \$ 59,161           | \$ 3,867                                 | \$ (13,040)                |

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| State Grantor/Program Title  | Grant or State Project Number | Grant Period   | Award Amount | Balance, July 1, 2019 | Cash Received | Budgetary Expenditures | Balance, June 30, 2020 |                  |                | MEMO            |                               |
|--|-------------------------------|----------------|--------------|-----------------------|---------------|------------------------|------------------------|------------------|----------------|-----------------|-------------------------------|
|  |                               |                |              |                       |               |                        | (Accounts Receivable)  | Unearned Revenue | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures |
| <b>State Department of Education</b>   |                               |                |              |                       |               |                        |                        |                  |                |                 |                               |
| <u>General Fund</u>  |                               |                |              |                       |               |                        |                        |                  |                |                 |                               |
| Special Education Aid  | 20-495-034-5120-089           | 7/1/19-6/30/20 | \$ 356,516   |                       | \$ 356,516    | \$ 356,516             |                        |                  |                |                 | \$ 356,516                    |
| Security Aid   | 20-495-034-5120-084           | 7/1/19-6/30/20 | 18,800       | -                     | 18,800        | 18,800                 | -                      | -                | -              | -               | 18,800                        |
| Total State Aid Public Cluster   |                               |                |              | -                     | 375,316       | 375,316                | -                      | -                | -              | -               | 375,316                       |
| Transportation Aid   | 20-495-034-5120-014           | 7/1/19-6/30/20 | 92,141       |                       | 92,141        | 92,141                 |                        |                  |                |                 | 92,141                        |
| Extraordinary Aid  | 20-495-034-5120-044           | 7/1/19-6/30/20 | 210,216      |                       |               | 210,216                | \$ (210,216)           |                  |                |                 | 210,216                       |
| Extraordinary Aid  | 19-495-034-5120-044           | 7/1/18-6/30/19 | 151,359      | (151,359)             | 151,359       |                        |                        |                  |                |                 |                               |
| TPAF Pension Benefit Contributions   | 20-495-034-5094-002           | 7/1/19-6/30/20 | 920,009      |                       | 920,009       | 920,009                |                        |                  |                |                 | 920,009                       |
| TPAF Pension - NCGI Premium  | 20-100-034-5094-004           | 7/1/19-6/30/20 | 16,490       |                       | 16,490        | 16,490                 |                        |                  |                |                 | 16,490                        |
| TPAF-Post Retirement Medical Benefits  | 20-100-034-5094-001           | 7/1/19-6/30/20 | 347,424      |                       | 347,424       | 347,424                |                        |                  |                |                 | 347,424                       |
| TPAF-Long Term Disability Insurance  | 20-100-034-5094-004           | 7/1/19-6/30/20 | 396          |                       | 396           | 396                    |                        |                  |                |                 | 396                           |
| Reimbursed TPAF Social Security Contributions                                  | 20-495-034-5094-003           | 7/1/19-6/30/20 | 338,657      | -                     | 338,657       | 338,657                | -                      | -                | -              | \$ -            | 338,657                       |
| Total General Fund   |                               |                |              | (151,359)             | 2,241,792     | 2,300,649              | (210,216)              | -                | -              | -               | 2,300,649                     |
| <b>State Department of Agriculture</b>   |                               |                |              |                       |               |                        |                        |                  |                |                 |                               |
| <u>Enterprise Fund</u>   |                               |                |              |                       |               |                        |                        |                  |                |                 |                               |
| State School Lunch Program   | 20-100-010-3350-023           | 7/1/19-6/30/20 | 1,429        |                       | 1,391         | 1,429                  | (38)                   |                  |                | \$ (38)         | 1,429                         |
| State School Lunch Program   | 19-100-010-3350-023           | 7/1/18-6/30/19 | 1,528        | (366)                 | 366           | -                      | -                      | -                | -              | -               | -                             |
| Total Enterprise Fund  |                               |                |              | (366)                 | 1,757         | 1,429                  | (38)                   | -                | -              | (38)            | 1,429                         |
| <b>Total State Financial Assistance Subject to Single Audit Determination</b>  |                               |                |              | (151,725)             | 2,243,549     | 2,302,078              | (210,254)              | -                | -              | (38)            | 2,302,078                     |
| <b>State Financial Assistance Not Subject to Major Program Determination</b>   |                               |                |              |                       |               |                        |                        |                  |                |                 |                               |
| <u>General Fund</u>  |                               |                |              |                       |               |                        |                        |                  |                |                 |                               |
| TPAF Pension Benefit Contributions   | 20-495-034-5094-002           | 7/1/19-6/30/20 | 920,009      |                       | (920,009)     | (920,009)              |                        |                  |                |                 | (920,009)                     |
| TPAF Pension - NCGI Premium  | 20-100-034-5094-004           | 7/1/19-6/30/20 | 16,490       |                       | (16,490)      | (16,490)               |                        |                  |                |                 | (16,490)                      |
| TPAF-Post Retirement Medical Benefits  | 20-100-034-5094-001           | 7/1/19-6/30/20 | 347,424      |                       | (347,424)     | (347,424)              |                        |                  |                |                 | (347,424)                     |
| TPAF-Long Term Disability Insurance  | 20-100-034-5094-004           | 7/1/19-6/30/20 | 396          | -                     | (396)         | (396)                  | -                      | -                | -              | -               | (396)                         |
| <b>Total State Financial Assistance Subject to Major Program Determination</b> |                               |                |              | \$ (151,725)          | \$ 959,230    | \$ 1,017,759           | \$ (210,254)           | \$ -             | \$ -           | \$ (38)         | \$ 1,017,759                  |

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



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

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$58,857 for the general fund and an increase of \$103,477 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

|                            | <u>Federal</u>    | <u>State</u>        | <u>Total</u>        |
|----------------------------|-------------------|---------------------|---------------------|
| General Fund               |                   | \$ 2,241,792        | \$ 2,241,792        |
| Special Revenue Fund       | \$ 205,144        |                     | 205,144             |
| Food Service Fund          | <u>67,838</u>     | <u>1,429</u>        | <u>69,267</u>       |
| Total Financial Assistance | <u>\$ 272,982</u> | <u>\$ 2,243,221</u> | <u>\$ 2,516,203</u> |

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$338,657 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 \$936,499, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$347,424 and TPAF Long-Term Disability Insurance in the amount of \$396 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-EAST RUTHERFORD REGIONAL 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 Statement Section**

|   |                  |                             |
|---|------------------|-----------------------------|
| Type of auditor's report issued on Financial Statements   | Unmodified _____ |                             |
| Internal control over financial reporting:  |                  |                             |
| 1) Material weakness(es) identified?  | _____ yes        | _____ X _____ no            |
| 2) Were significant deficiencies identified that were not considered to be material weaknesses? | _____ yes        | _____ X _____ none reported |
| Noncompliance material to the basic financial statements noted?                                 | _____ yes        | _____ X _____ no            |

**Federal Awards Section**

Not Applicable

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

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over major programs:

(1) Material weakness(es) identified \_\_\_\_\_ yes        X   no

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

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

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

Identification of major state programs:

| <u>GMIS Number(s)</u> | <u>Name of State Program</u> |
|-----------------------|------------------------------|
| 20-495-034-5120-089   | Special Education Aid        |
| 20-495-034-5120-084   | Security Aid                 |
|                       |                              |
|                       |                              |
|                       |                              |
|                       |                              |
|                       |                              |

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

Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Part 2 – Schedule of Financial Statement Findings*

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

There are none.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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-EAST RUTHERFORD REGIONAL 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR 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 federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.